

By Mrs. SULLIVAN:

H.R. 9130. A bill to require the inspection of certain towing vessels; to the Committee on Merchant Marine and Fisheries.

By Mr. TALCOTT:

H.R. 9131. A bill to amend title 38 of the United States Code with respect to the basis on which certain dependency and indemnity compensation will be computed; to the Committee on Veterans' Affairs.

By Mr. TEAGUE of Texas (by request):

H.R. 9132. A bill to amend section 107 of title 38, United States Code, to provide that the benefits authorized therein shall be at a rate in pesos as is equivalent to \$0.50 for each dollar authorized, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. ASPINALL:

H.R. 9133. A bill to authorize the disposition of certain property at Hot Springs National Park, in the State of Arkansas, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. STRATTON:

H.R. 9134. A bill to amend the Agricultural Marketing Agreement Act of 1937 with respect to the procedure for amending orders; to the Committee on Agriculture.

By Mr. SHEPPARD:

H.R. 9139. A bill making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1964, and for other purposes.

By Mr. CHAMBERLAIN:

H.J. Res. 802. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. ROONEY of Pennsylvania:

H.J. Res. 803. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. KUNKEL:

H. Con. Res. 237. Concurrent resolution providing for the printing of additional copies of certain opinions of the Supreme Court of the United States in cases involving the offering of prayers and reading from the Bible in public schools; to the Committee on House Administration.

By Mr. BUCKLEY:

H. Res. 566. Resolution to provide for the further expenses of the studies, investigations, and inquiries authorized by House Resolution 56; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABO:

H.R. 9135. A bill for the relief of Salvatore LoIacono; to the Committee on the Judiciary.

By Mr. HOLLAND:

H.R. 9136. A bill for the relief of Maria Giurlani; to the Committee on the Judiciary.

By Mr. MORGAN:

H.R. 9137. A bill for the relief of Carina Barthow; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 9138. A bill for the relief of Gerardo Rubino; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

451. By the SPEAKER: Petition of Rev. Forrest L. Knapp, general secretary, Massachusetts Council of Churches, Boston, Mass., relative to expressing opposition to legislation making public funds available, whether by grants or loans, to sectarian institutions for the construction of facilities, and supporting, in any event, the substance

of the Ervin amendment; to the Committee on Education and Labor.

452. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., requesting that a set of books or volumes be printed showing all laws of the United States now in force; to the Committee on the Judiciary.

SENATE

THURSDAY, NOVEMBER 14, 1963

(Legislative day of Tuesday,
October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

Rev. C. Hoke Sewell, D.D., pastor, First Methodist Church, College Park, Ga., offered the following prayer:

Eternal God, our gracious Heavenly Father, we thank Thee for this land of ours. We thank Thee for the opportunities it offers us and for the hope it holds up to the entire world. We recognize that we need Thy help. We turn our minds and hearts unto Thee for strength for this day. We are trusting Thee for guidance. Our responsibilities make it necessary that we be strong. We ask that the Holy Spirit help us provide leadership, that we may serve Thee and our fellow men to the very best of our knowledge and ability. May Thy spirit help us to act wisely. Help us, O God, that we may always do what is right. May our actions be in the best interests of all who depend upon us for leadership at home and around the world.

O God, help us to give ourselves to the highest we know. Help us to keep humble and at the same time be strong enough to give our all in Christian service.

We pray in the Master's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, November 13, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHITTEN, Mr. NATCHER, Mr. CANNON, Mr. HORAN, and Mr. MICHEL were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H.R. 9009) to amend further the Peace Corps Act, as amended, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 9009) to amend further the Peace Corps Act, as amended, was read twice by its title and referred to the Committee on Foreign Relations.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Internal Security Subcommittee of the Judiciary Committee was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mr. YOUNG of Ohio. Mr. President, from the Committee on Armed Services, I report favorably the nominations of seven rear admirals for permanent appointment in the Naval Reserve, two temporary promotions to the grade of rear admiral in the Naval Reserve, one permanent appointment to the grade of major general in the Marine Corps Reserve, and two permanent appointments to the grade of brigadier general in the Marine Corps Reserve. I ask that these nominations be placed on the Executive Calendar.

The PRESIDENT pro tempore. The nominations will be placed on the Executive Calendar.

The nominations are as follows:

Harry R. Canaday, and sundry other officers, for permanent promotion to the Naval Reserve;

Richard D. Adams and Edward H. Gessner, for temporary promotion in the Naval Reserve; and

Walter A. Churchill, Richard A. Evans, and Robert B. Bell, for permanent appointment in the Marine Corps Reserve.

Mr. ERVIN. Mr. President, from the Committee on Armed Services, I report favorably the nominations of 25 flag and

general officers in the Army, Navy, Marine Corps, and Air Force. I ask that these nominations be placed on the Executive Calendar.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The nominations are as follows:

Vice Adm. William R. Smedberg III, U.S. Navy, for appointment to the grade of vice admiral on the retired list;

Rear Adm. Charles C. Kirkpatrick, U.S. Navy, for appointment as Chief of Naval Personnel;

Rear Adm. Charles C. Kirkpatrick, U.S. Navy, for commands and other duties determined by the President, for appointment as vice admiral while so serving;

Rear Adm. Leonidas D. Coates, Jr., U.S. Navy, for reappointment as Chief of Naval Research;

Lt. Gen. Troup Miller, Jr. (major general, Regular Air Force), U.S. Air Force, to be placed on the retired list in the grade of lieutenant general;

Maj. Gen. Hewitt T. Wheless, Regular Air Force, to be assigned to a position of importance and responsibility designated by the President, in the grade of lieutenant general;

Lt. Gen. Robert William Porter, Jr., Army of the United States (major general, U.S. Army), for appointment as senior U.S. Army member of the Military Staff Committee of the United Nations;

Maj. Gen. Leonard F. Chapman, Jr., U.S. Marine Corps, for commands and other duties determined by the President, for appointment to the grade of lieutenant general while so serving;

Maj. Gen. Victor K. Krulak, U.S. Marine Corps, for commands and other duties determined by the President, for appointment to the grade of lieutenant general while so serving;

Rear Adm. Wallace M. Beakley, U.S. Navy, for appointment to the grade of vice admiral on the retired list; and

Brig. Gen. Robert Howard York, Army of the United States (colonel, U.S. Army), and sundry other officers, for temporary appointment in the Army of the United States.

Mr. ERVIN. Mr. President, in addition, I report favorably 187 nominations for appointment and promotion in the Army in the grade of lieutenant colonel and below, and 494 nominations for appointment in the Air Force in the grade of major and below. Since these names have already appeared in the CONGRESSIONAL RECORD, in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The nominations ordered to lie on the desk are as follows:

Gordon L. Smith, and sundry other officers, for promotion in the Regular Army of the United States;

Ralph J. Richards, and sundry other persons, for appointment in the Regular Army;

William M. Redmond, and sundry other persons, for appointment in the Regular Air Force; and

Robert F. Allen, and sundry other distinguished military students of the Air Force Reserve Officers' Training Corps, for appointment in the Regular Air Force.

The PRESIDENT pro tempore. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

U.S. COAST GUARD

The Chief Clerk proceeded to read sundry nominations in the U.S. Coast Guard.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

On motion of Mr. MANSFIELD, the Senate resumed the consideration of legislative business.

REPORT ON CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

The PRESIDENT pro tempore laid before the Senate a letter from the Secretary of State, transmitting, pursuant to law, a report on the operations of the Center for Cultural and Technical Interchange Between East and West, for the fiscal year 1962, which, with the accompanying report, was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, without amendment:

S. Res. 219. Resolution to print as a Senate document, with illustrations, a document entitled "United States Astronauts," and ordering additional copies printed (Rept. No. 644); and

S. Res. 225. Resolution authorizing additional expenditures by the Committee on Appropriations.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, TO REDUCE INDIVIDUAL AND CORPORATE INCOME TAXES—AMENDMENT (AMENDMENT NO. 319)

Mr. HARTKE (for himself, Mr. RANDOLPH, Mr. MCCARTHY, and Mr. JAVITS) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 8363) to amend the Internal Revenue Code of 1954 to reduce individual and corporate income taxes, to make certain structural changes with respect to the income tax, and for other pur-

poses, which was referred to the Committee on Finance and ordered to be printed.

CONSTRUCTION OF BUILDING BY BUREAU OF WATER RESOURCES—ADDITIONAL COSPONSOR OF BILL

Mr. DOMINICK. Mr. President, at its next printing, I ask unanimous consent that the name of the Senator from Arkansas [Mr. McCLELLAN] may be added as a cosponsor of the bill (S. 1610) to authorize the Secretary of the Interior to set aside certain lands within the National Capital Parks System in Washington, D.C., for construction of a building by the Bureau of Water Resources of the National Rivers and Harbors Congress, and for other purposes, introduced by me on May 27, 1963.

The PRESIDENT pro tempore. Without objection, it is so ordered.

NOTICE OF OUT-OF-TOWN HEARING ON S. 750, THE TRUTH-IN-LENDING BILL

Mr. DOUGLAS. Mr. President, as chairman of the Production and Stabilization Subcommittee of the Senate Committee on Banking and Currency, I wish to announce the date and location of the fourth field hearing on S. 750, the truth-in-lending bill, which would require the full disclosure of finance charges and interest rates in connection with the extension of personal credit.

The out of town hearing will be held on Friday and Saturday, November 22 and 23, 1963, at the Federal Post Office and Court House Building, Post Office Square, Boston, Mass., at 10 a.m. each day.

All persons who wish to appear and testify on this bill in Boston are requested to notify Mr. Jonathan Lindley, staff assistant, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, Washington, D.C., telephone Capital 4-3121, extension 3921, as soon as possible.

CANDIDACY OF SENATOR SMITH OF MAINE

Mr. AIKEN. Mr. President, in reading the report on the President's news conference, I noted that he said that if he were a Republican candidate running in New Hampshire and were opposed by the senior Senator from Maine [Mrs. SMITH], he would be very much concerned.

Perhaps the President should be advised that if he were a Democratic candidate running for office in New Hampshire and were opposed by the senior Senator from Maine, he would have reason to be even more concerned.

Furthermore, I do not believe his concern should be confined to the State of New Hampshire, because I am sure that should our beloved colleague the senior Senator from Maine become a candidate for national office, she would sweep not only New Hampshire, but also the neighboring States of New England like a breeze, as the capable lady she is, should sweep them.

However, it is noticeable that interest in the potential candidacy of the senior Senator from Maine for national office is not confined to New Hampshire or Maine; and in this connection I shall ask unanimous consent to have printed in the RECORD, as a part of my remarks, two editorials. One was published in the Washington Evening Star on November 12, and is entitled "God Bless 'Em." This editorial writer for the Washington Star has a tendency to be a bit facetious in writing the editorial, but I am sure that as time goes on, if the senior Senator from Maine becomes a serious candidate for national office, the facetiousness will wear off and the editorial writers for the Star will realize that it is serious business.

The second editorial is entitled "A Woman President?" This editorial is very thoughtful and well written, and was published on November 9 in the Philadelphia Inquirer.

I ask unanimous consent that both of these short editorials be printed at this point in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, Nov. 12, 1963]

GOD BLESS 'EM

"Women are irrational; that's all there is to that. Their heads are full of cotton, hay, and rags."

The voice was the voice of Henry Higgins, but the words are the words of wisdom. Never more so than now when a woman is presenting herself as a candidate for President.

Never mind that the woman is MARGARET CHASE SMITH. Never mind that Mrs. SMITH is one of the ornaments and lights of the Senate, which for that matter, isn't saying as much as it once would have been. There is principle involved. She's a woman, and women are not, never have been, and never will be, suited to an office like the Presidency.

Mrs. SMITH to one side, women are irrational. They make lefthand turns from righthand lanes. They are incapable of grasping the elementary principle of maintaining some remote relationship between income and outgo. They eat pineapple and cottage cheese for lunch. There isn't one of them who has ever found out how to put the cap back on a simple, ordinary tube of toothpaste.

Can the American electorate be so bereft of sense that they really want one of these people for Chief Executive?

Certainly not.

The Founding Fathers, in their profound wisdom, anticipated just such an emergency. To form a more perfect union and to insure domestic tranquillity, the Constitution, speaking of the President, says that he shall hold his office for 4 years.

Clearly, no she can be a he. The whole idea is unconstitutional.

[From the Philadelphia Inquirer, Nov. 9, 1963]

A WOMAN PRESIDENT?

Senator MARGARET CHASE SMITH has added the woman's touch to the coming Presidential campaign by preparing to enter some Republican primaries next spring.

A woman President is not an impossibility in the United States. There is no law against it and, considering the caliber of some of the past male holders of the office, there is even a great deal to be said in favor of it. It may not be easy for masculine egos to accept the

picture of a madam President standing eyeball to eyeball with Premier Khrushchev, or throwing out the first ball at the start of a major league season, but there was a time when lady wrestlers weren't envisioned either.

In any list of women mentioned as possible presidential aspirants, Mrs. SMITH's name must stand fairly high, on her record of 23 years' service in both Houses of Congress. Her refreshingly modest—and self-written—biography in the Congressional Directory reads merely: "MARGARET CHASE SMITH, Republican." There is a Democratic Congressman from Brooklyn who requires 52 lines in the directory to tell his story.

There have been hints that what the woman Senator from Maine is really seeking is the vice-presidential nomination, and this, to most political minds, seems to make more sense.

By entering a few selected presidential primaries, she can test her strength as a vote-getter outside her own State and perhaps convince the ultimate winner of the top place on the ticket that a woman named MARGARET CHASE SMITH is just the person he needs for a running mate. She has nothing to lose in such a venture, and—who knows?—she might end up as the first Vice President of her sex in America.

Mr. MANSFIELD. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. MANSFIELD. There is an old saying to the effect that variety is the spice of life. I am delighted that now the Republican Party has at least three potential candidates in the field. I hope there will be many more.

So far as the distinguished senior Senator from Maine is concerned, she graces her party with dignity and honor. It is about time that the women began to exert themselves and be recognized in the field of politics. Such recognition is long overdue.

Mr. AIKEN. It certainly is; and I am glad to join the President and the majority leader and other leaders in both parties in taking seriously the possible candidacy of the senior Senator from Maine, who would lend not only grace but also distinction and resoluteness to any office she might hold.

PRESIDENT SUKARNO OF INDONESIA

Mr. MORSE. Mr. President, this morning's edition of the Washington Post carries a very interesting article which states that yesterday the Ambassador from Indonesia called upon the Secretary of State and protested a speech which I made on the floor of the Senate the other day, in paying my disrespects to Sukarno.

The article reads as follows:

INDONESIAN ENVOY PROTESTS "SLANDER"

Indonesian Ambassador Zairin Zain protested to Secretary of State Dean Rusk yesterday what he termed the "slander" of Indonesia and President Sukarno by Members of Congress.

Zain handed Rusk a written protest in a 15-minute meeting at the State Department.

Among those who criticized Indonesia was Senator WAYNE MORSE, Democrat, of Oregon, who charged during debate on the foreign aid bill that Sukarno was corrupt.

Zain said he was wondering and stupefied that this would happen in a civilized country.

The envoy said the United States has the right to sustain or curtail its aid to Indonesia.

"But when you give aid," he said, "you do not have the right to slander other nations and chiefs of state."

I do not know what the Secretary of State told the Ambassador, and I am not particularly interested in what he said, although I hope the Secretary of State explained to the Ambassador that the United States is a democracy. Of course, that word "democracy" would not be understood in Indonesia. I hope the Secretary told him that a democracy in the United States operates under our constitutional separation-of-powers doctrine. Apparently the Indonesian Ambassador does not know that there is nothing the Secretary of State could do, even if he would, about what I say on the floor of the Senate whenever I think it is in the interest of the country to say whatever needs to be said.

Not only do I repeat, by reference, every disrespect I paid in my speech the other day to Mr. Sukarno, the tyrant of Indonesia, but I wish to add that I consider him not only a corruptionist, but also a threat to the peace of Asia. He is a dangerous aggressor. I believe the United States should cut him off at the pockets, because I do not think there is the slightest justification for giving aid to this aggressor.

MINE SAFETY IN METALLIC AND NONMETALLIC MINES

Mr. METCALF. Mr. President, during the 84th Congress, the Honorable Graham Barden, of North Carolina, chairman of the House Committee on Education and Labor, created a special Subcommittee on Mine Safety in Metallic and Nonmetallic Mines.

I was privileged to act as chairman of that subcommittee, which included the gentleman from Alabama [Mr. ELLIOTT], the gentleman from Georgia [Mr. LANDRUM], the gentleman from Arizona [Mr. RHODES], and the gentleman from Montana, Mr. Fjare.

I ask unanimous consent that the report of that subcommittee, dated December 11, 1956, and printed as part of voluminous hearings, which included testimony from mine workers, operators, and owners, and experts from the U.S. Bureau of Mines and the Public Health Service, be printed at this point in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

REPORT OF SUBCOMMITTEE ON MINE SAFETY (METALLIC AND NONMETALLIC MINES)

The Subcommittee on Mine Safety in Metallic and Non-Metallic Mines of the House Committee on Education and Labor has studied safety conditions in those mines by field inspections and observations in Virginia, Hibbing, and Duluth, Minn., in Butte, Mont., and Ouray, Colo., and has held 3 days of hearings in Washington where witnesses from the mining industry, labor, the U.S. Bureau of Mines, and the U.S. Public Health Service were heard.

Based upon these on-the-spot investigations and observations by the subcommittee members and upon the formal hearings, the subcommittee is of the unanimous opinion

that the overall subject of safety in the Nation's metallic and nonmetallic mines should be given further study, and that additional investigations should be made in Michigan, Alabama, Colorado, the tristate area of Kansas, Oklahoma, and Missouri, and such other places as a subsequent committee might find necessary.

The subcommittee recommends to the chairman and to the full Committee on Education and Labor of the U.S. House of Representatives that a new subcommittee be appointed in the 85th Congress, and that the hearings mentioned above, plus such other hearings as may be indicated, be held to the end that the subject of safety in metallic and nonmetallic mines be thoroughly explored.

Respectfully submitted.

Mr. METCALF. Subsequent legislation, which became Public Law 87-300, authorized the Secretary of the Interior to conduct a study and make recommendations for improving safety and health standards in the metallic and nonmetallic mining industry.

Secretary Udall chose to do so by creating the Mine Safety Study Board, headed by Mr. Paul Boyajian. Ably assisted by Mr. Thomas Shepich, Mr. Boyajian directed a 2-year study of 800 mines, quarries, and mills. The complete and comprehensive report, based on data collected by the Bureau of Mines, was released today. I ask unanimous consent that the press release describing it be printed at this point in the RECORD.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

UDALL RECOMMENDS CHANGES TO IMPROVE SAFETY STANDARDS IN THE METAL MINING INDUSTRY

Recommendations for improving safety and health standards in the Nation's metallic and nonmetallic mining industry have been submitted in a report to Congress by Secretary of the Interior Stewart L. Udall, following an intensive study authorized in 1961 under Public Law 87-300.

The recommendations would affect over 200,000 workers throughout the Nation and are contained in a two-volume report, covering all mineral mining activity, except coal and lignite. Secretary Udall said there were over 10,000 lost-time injuries and more than 200 fatal accidents last year in the industries covered by the report.

Secretary Udall's major recommendations call for:

Establishment of advisory committees on which representatives of labor and management would serve to assist in the development of health and safety codes applicable to mineral mining and related operations.

Institutions of formal health and safety inspections and reports in mineral mines and related plants in accordance with developed codes of health and safety, as well as investigation of fatal accidents.

Provision for accurate and timely employment and injury reports on mineral and mining activities.

Secretary Udall also strongly urged that improved safety education programs for employees, supervisors, and operators be developed throughout the mineral industry.

The report was prepared by a Mine Safety Study Board headed by Mr. Paul Boyajian who guided the 2-year study, and the Department's Bureau of Mines.

Field teams staffed by the Bureau of Mines conducted health and safety studies at 800 mines, quarries, and mills which comprised a representative sample of metal mining activities. In addition, investigations of as many as possible of the fatal accidents during the 2-year period were conducted by field teams.

Board Chairman Boyajian said that a welcome and significant improvement should result from congressional adoption of Secretary Udall's recommendations.

"The study has shown us what the major causes of injuries and fatalities are," he said, "and it has indicated a need for positive action. The Secretary's recommendations propose programs under which management, labor, and State and Federal agencies can cooperate to help make the Nation's metal and nonmetal mines safer places in which to work."

Copies of the report are available for inspection at the Mine Safety Study Board, room 5546, Department of the Interior, Washington, D.C.

Mr. METCALF. Neither regulations nor legislation will eliminate mine accidents. But this excellent report and its recommendations aim at the heart of the problem areas of safety and health. If carried out, the recommendations will go a long way toward reducing deaths and serious injuries in the industry.

CHEMICAL PESTICIDES

Mrs. NEUBERGER. Mr. President, it is now more than 1 year since Rachel Carson pierced the appalling veil of ignorance and indifference which had shrouded this Nation's massive misuse of chemical pesticides for over a decade.

It is now 6 months since President Kennedy's Science Advisory Committee acknowledged the potent hazards inherent in the undisciplined and unregulated application of chemical pesticides.

During this interval the Senate has acted, and acted wisely, following the lead of the determined and enlightened junior Senator from Connecticut, to eliminate the unconscionable practice of protest registrations. This practice now permits a manufacturer to market without warning a pesticide which has been declared hazardous as long as the manufacturer is appealing the Department's decision.

The Ribicoff bill, S. 1605, is a needed first step. A rational second step now awaits action by the Senate Commerce Committee: S. 1251, to require that pesticide labels inform the user of the product's potential hazard to fish or wildlife.

Last week, Carl W. Buchheister, president of the National Audubon Society, made a strong and reasoned plea for the enactment of this legislation.

Speaking to the society's 59th convention in Miami, Mr. Buchheister protested the failure of the Department of Agriculture either to respond appropriately to the evidence of the misuse of pesticides or to support S. 1251:

Why doesn't the farmer, or the gardener, or the timber grower have a right to know if, by using a certain chemical he will endanger the birds that frequent his fields or woods?

One farmer may choose to use this chemical, anyway, but at least he has a right to know. Another farmer, the one who values his wildlife, may choose a less toxic chemical, or turn to an alternate method of insect control.

A question put to the convention by Mr. Buchheister is a question well worth repeating here: "Why doesn't the Department of Agriculture want the consumer to have the facts?"

It is my sincere hope, Mr. President, that before the close of this year the Department of Agriculture will see fit to exercise its responsibility not only to the pesticide manufacturers but to every American who is concerned for the conservation of our fish and wildlife resources and that the Department will see fit to endorse S. 1251.

If too many future winters pass unattended, we shall yet live to witness the coming of the "Silent Spring."

I ask unanimous consent that the New York Times account of this speech be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

UNITED STATES IS ASSAILED OVER PESTICIDES—CONSUMER IS NOT PROTECTED, AUDUBON HEAD CHARGES

(By John C. Devlin)

MIAMI, November 9.—The Agriculture Department was accused today of being more interested in helping to sell pesticide chemicals than in protecting the consumer's rights and welfare.

Carl W. Buchheister, head of the National Audubon Society, made the accusation. He also criticized the Department as having opposed "a bill in Congress which would require a warning to be printed on the package if a chemical pesticide is toxic to wildlife."

Mr. Buchheister spoke at the society's 59th convention in the Everglades Hotel.

Earlier, Interior Secretary Stewart L. Udall urged that the United States should set an example for the world in the field of conservation and related problems affecting man's environment.

Mr. Buchheister said that conservationists were cheered last May when President Kennedy's Science Advisory Committee issued a strongly worded report that only confirmed Miss Rachel Carson's warning (in her book, "Silent Spring," against indiscriminate use of chemical pesticides).

SEES WARNING UNHEEDED

The Committee, he said, also called for drastic changes in Government policies and controls affecting pesticides.

"I am afraid," he said, "some of us may have been lulled into complacency by that report. For, surely, if a White House Committee makes such recommendations, one would expect the executive bureaus to take heed. Such has not been the case."

"Despite the strongly worded recommendations, and the unmistakable English of the President's Committee, agencies of the Department of Agriculture have continued to use DDT, dieldrin, aldrin and other highly toxic and highly persistent insecticides in many of their spraying programs."

"They have continued to promote and recommend the same residual poisons to farmers, timber growers, and gardeners."

"Here and there, where the public protest was sufficiently angry, a somewhat safer insecticide, such as malathion or sevin, has been substituted for DDT in a forest-spraying operation."

DESCRIBES BILLS

"If this were not so," he said, "the branch would not oppose, as it has opposed, the bills introduced in Congress by Congressman JOHN DINGELL, Michigan Democrat, and Senator MAURINE NEUBERGER, Oregon Democrat."

"One of the Dingell-Neuberger bills would merely require that if a given pesticide chemical is toxic to wild animals, and if hazards to fish and wildlife were involved in the outdoor use of that chemical, those facts should be printed on the package."

"Why doesn't the farmer, or the gardener or the timber grower have a right to know if,

by using a certain chemical, he will endanger the birds that frequent his fields or woods?

"One farmer may choose to use this chemical anyway, but at least he has a right to know. Another farmer, the one who values his wildlife, may choose a less toxic chemical, or turn to an alternate method of insect control.

"Why doesn't the Department of Agriculture want the consumer to have the facts?"

SHORTAGE OF HORSEBREAKERS

Mr. SIMPSON. Mr. President, a young lady from Casper College in Casper, Wyo., has taken strong exception to a remark by my friend and colleague, the Senator from Montana [Mr. METCALF] that the rugged men of the West are gone. It seems that one of the Senator's constituents, a rancher, could find no one in Montana to break horses.

I assure my colleague that it "taint necessarily so." In the words of my friend from Casper, "the rugged men of the West are going to Casper College."

Mr. President, I should like to quote briefly from a letter written by my Casper correspondent, Miss Jean Ann Dunn:

"We are mighty proud of the fact that we have the national intercollegiate champion rodeo team, and all the boys work on ranches in the summer to earn money for school. Casper College was the only 2-year institution in the Nation to enter a team in the finals, and they not only walked away with the team trophy but claimed two individual champions, bulldogging and bull riding.

I suggest most respectfully to my colleague from Montana that his location on the demise of the cowboys in western America is perhaps applicable to Montana, which may be devoid of such rugged individuals. They are still legion in the Equality State.

This was readily substantiated by the national intercollegiate rodeo finals seen on ABC's "Wide World of Sports," November 2. Three of the boys in that program are in Casper, Wyo., this year, and will be defending their titles in 1964.

For my colleagues who witnessed the November 2 showing, I would hardly need to expound on the qualities of the cowboy's performance. The team captain for the event was Dick Claycomb, who was also student body president at Casper College. He is now at the University of Wyoming at Laramie. Another rodeo participant, Bill Henry, is head of the Agriculture Department at Casper College, and is also a university graduate, so is Dale Styles, team coach.

I understand that Bill Henry has written the Senator from Montana to assure him that Casper College does have some real first-class horsebreakers, rugged men of the West with good horsesense, so I say to my colleague that if his State, which has the distinction of lying immediately north of Wyoming is bereft of cowboys and the personalities which are traditionally associated with the West, he might ask his constituent, who needs cowboys, to correspond with the good people of Casper College. There can be found the rugged western cowboys Montana needs to staff her many beautiful ranches.

Mr. METCALF. Mr. President, will the Senator yield?

Mr. SIMPSON. I am happy to yield to the Senator from Montana.

Mr. METCALF. I am glad that the junior Senator from Wyoming has praised Casper College. Casper College deserves the praise of all of us in the West for the rugged boys and girls who go there and participate in rodeos.

I remind the Senator that a letter from a constituent of mine stating that he was unable to hire a competent horse wrangler and broncpeeler in Montana gave rise to the discussion which we are having today. He said that he would have to have the Department of Labor declare that there was a shortage of such broncpeelers in Montana.

That statement resulted in the statements I previously made on the floor of the Senate. Some comment was made on the subject in the Saturday Evening Post. I ask unanimous consent that that article which was published in the Saturday Evening Post be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SAY NEIGH, SENATOR, SAY NEIGH

Way out West, where men used to be men, a sad, sad thing has happened. Not a man on the old frontier can bust a bronc. At least that's what Senator LEE METCALF, of Montana, reported to his colleagues recently.

A rancher near Helena, in need of hired help recently, was unable, it seems, to hire a competent horsebreaker or trainer. The rancher finally found a horsebreaker in Australia who agreed to come to Montana. But before the Australian could enter this country, the Department of Labor had to certify that qualified horsebreakers were unavailable in the United States.

Alas, the Labor Department did so certify. No broncbusters were available. The global implications of such an admission were recognized by Senator METCALF. "Mr. President," he said in the Senate, "what will the American image be abroad if it becomes known that the Nation of cowboys and Indians, which exports hundreds of western movies, where even former Presidents read western novels, has to import a horse wrangler from the other side of the world?"

What, indeed? We share the Senator's sorrow. Of course, as he explained, Montana is not to blame. Montana's horsebreakers, as the Senator noted, "are busy picking up top money in rodeos in other States."

But this is a national problem, bigger than any State. American manhood has been sullied. The national pride has suffered a grievous wound. It shows what can happen to a nation while it sits around watching westerns on TV.

Mr. METCALF. Since I made my speech I have heard that there are competent horsebreakers in Pasadena. From New South Wales I have received a letter in which an Australian has written that he not only would come to Montana to break horses but would also bring a friend along.

In this morning's mail I have a letter from a former Montanan who is now in Nebraska. He says that he would like to come back and break horses in Montana.

But the problem in Montana is the same as the problem in Wyoming. The horsebreakers of Montana are out competing in rodeos. We are winning the Calgary Stampede and the Madison Square Garden Rodeo. Yes, indeed, we

are even winning in the Frontier Days down in Cheyenne, Wyo.—in the State which the Senator represents. We have the incomparable Lindermans, the great Benny Reynolds, and the Greenoughs. They are making so much money competing in rodeos around the country that they cannot do their job at home breaking horses.

I believe that the Senator will find that those wonderful boys and girls at Casper College are just like the ones at Montana State College who had previously won a national rodeo contest. They are so interested in becoming chemists, physicists, and economists that they are going to give up the business of horsebreaking after they leave college, and intend to go into some other trade that is a little more lucrative.

I have written to the president of Casper College and suggested that he give me the name of anyone who desires to come up and work for my constituents. They will see that he gets a job.

The PRESIDING OFFICER (Mr. INOUYE in the chair). The time of the Senator has expired.

Mr. METCALF. Mr. President, I ask unanimous consent that the Senator from Wyoming may have an additional 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. MORSE. I am delighted to listen to the testimonials about these wonderful rodeos in Montana, Wyoming, Texas, and in all the other Western States. They are wonderful rodeos. I have attended some of them. They are great shows. However, I should like note to be taken of the fact that the majority of them are put on by the Christian Bros. Rodeo of Eugene, Oreg. They have become the greatest promoters of rodeos in the country. We owe them a great debt of gratitude for keeping the old frontier alive in Montana, Wyoming, and other States. They certainly are great performances.

Mr. METCALF. We are delighted that the Christian Bros. are part of these rodeos, which give the cowboys and cowgirls in Wyoming and Montana an opportunity to perform.

Mr. SIMPSON. Having lived in Montana and having worked in the coal mines at Red Lodge, I know the Greenoughs very well. The Greenoughs are a fine family, as the Senator from the great Treasure State of Montana well knows. I suppose we must reach the conclusion that many of the cowboys and cowgirls of today are going to college.

ARCTIC RESEARCH—ITS IMPORTANCE AND PROSPECTS AT THE UNIVERSITY OF ALASKA

Mr. GRUENING. Mr. President, in this shrinking planet which we inhabit—shrinking by virtue of man's inventiveness and his accelerating discoveries in the multiple fields of science—the polar regions are coming in for increased attention and study. Population explosion inevitably evokes greater inter-

est in the long unexplored and still unsettled regions of the earth. Of these, the most conspicuous are the arctic and subarctic, which are bordered exclusively by seven nations—the United States, Canada, Soviet Russia, the three Scandinavian countries, Norway, Sweden, and Denmark—with its Greenland outpost—and Finland. It is fair to say that these nations include the most civilized people on earth. It includes those who have made the greatest progress in scientific research and scientific accomplishment.

The United States, whose front on the Arctic is embodied solely in Alaska, the 49th State, has, regrettably, lagged in arctic and subarctic research. It has lagged behind Soviet Russia, which occupies the longest arctic and subarctic front. In some respects the United States has lagged behind the free peoples of Scandinavia.

However, I am happy to report that this important area of our earth—important actually and potentially—is now due for increased and accelerated attention. The focus of this attention and new effort is naturally the University of Alaska. It is our farthest north institution of higher learning. It is a land-grant college established during the administration of President Woodrow Wilson, through the efforts of Alaska's Delegate in Congress in 1915, James Wickersham. For many years it was an undernourished and half-starved institution known as the Alaska Agricultural College and School of Mines. It became the University of Alaska in 1935. It owes its survival during those lean years largely to the dedication and determination of its first president, Charles Ernest Bunnell, who held that office for a quarter of a century.

The entry of the University of Alaska in the field of research began 17 years ago, when, in the administration of President Harry Truman, Alaska Delegate E. L. BARTLETT, now my colleague in the Senate, secured an authorization and appropriation for the Geophysical Institute.

Now, under the dynamic leadership of President William R. Wood, the university is moving to take advantage of its geographical position as the obvious and indeed the only center under the American flag where arctic and subarctic research can be carried on. For the University of Alaska and its 2,250-acre campus, 4 miles west of Fairbanks, lies only 120 miles south of the Arctic Circle. The importance of having the United States become knowledgeable and expert in this vast area is clear. It is important to our national security. It is important that we catch up with the Russians, who have made the greatest advances in familiarizing themselves with all matters concerned with living in the Arctic and developing its resources. It is important in connection with the exploration of space.

Living in the Arctic has its special problems just as does living in the Tropics. Now that mankind, the greater part of whose population has long lived predominantly in the temperate zones, is moving to occupy these previously less inhabited areas of the globe, much more

knowledge about them is needed. That is particularly true of the Arctic, which has in the very last few years become a great flyway between the three continents of the Northern Hemisphere. The University of Alaska therefore has a great role and a great destiny, which is not merely of national but of worldwide significance.

An excellent article on the university's immediate prospects and purposes was written for the New York Times, by Lawrence E. Davies, its west coast correspondent. I ask unanimous consent to have this article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALASKA TO PUSH ARCTIC RESEARCH—WORK ON \$44 MILLION CENTER TO START NEXT SPRING

(By Lawrence E. Davies)

COLLEGE, ALASKA, November 9.—On a magnificent hilltop site 4 miles outside of Fairbanks, the University of Alaska is preparing to begin construction of the first unit of a proposed \$44 million Arctic Research Center.

As viewed by its planners and put into words by Elmer Rasmuson, an Anchorage banker who heads the university's board of regents, "the University of Alaska will become the center of arctic and subarctic research for a free world."

The concept is similar to that which led to the creation of the Soviet Union's great research center, with a heavy concentration of scientific talent, at Novosibirsk on the Trans-Siberian Railroad.

The university's officials point to continued emphasis on research in Antarctica by this country, but they hold that American efforts in the arctic and the subarctic "have been less satisfactory."

They note that the Russians have taken different view. Both the Soviet Union and Canada, in their opinion, show greater realization of the importance of their northern regions than the United States has exhibited toward its own.

Dr. William R. Wood, the university's president, enthusiastically pointed out the site this week, on the 2,250-acre campus, of a biological sciences research building. Alaskans, last fall, approved a \$3.5 million issue of general obligation bonds for it. Construction is scheduled to start next spring.

The site for the center is 100 miles south of the Arctic Circle.

SUPERIOR LOCATION

This week, in zero weather, with the sun setting at around 3 p.m. on a snow-blanketed landscape, the aurora borealis, or northern lights, offered a spectacular evening show in the Fairbanks area. It emphasized the university's superior location for the study of aurora phenomena involving charged particles ejected from the sun.

According to Dr. Victor Hessler, whose color photographs of aurora have attracted worldwide attention among scientists, more work has been done on optical aurora studies here than elsewhere on the North American Continent.

The university is one of 11 world data centers for observations made during the International Geophysical Year, 1957-58.

The aurora studies, along with those of magnetic storms, polar blackouts, and glaciology plus a rocket program, have been pursued by the university's Geophysical Institute established by Congress in 1949.

Keith B. Mather, an Australian physicist recently appointed head of the Institute by joint action of the university and the National Academy of Sciences said activities were being initiated in the fields of seismology and volcanology.

"At a later stage," he added, "we may go into oceanography. We can do unusual things up here because of the complete cover of arctic ice. And the Navy is extremely interested in the Arctic for submarine activities."

U.S. AID EXPECTED

Dr. Kenneth M. Rae, vice president of the university for research and advanced study, a Scottish-born oceanographer who has directed the university's Institute of Marine Science since its creation by the State legislature in 1961, said the \$44 million figure advanced for the Arctic Research Center would cover buildings and "modest logistic support" during a 7-year period.

The Federal Government is counted upon for a considerable part of the funds, especially since Federal agencies such as the Public Health Service plan buildings in the center area.

The Arctic Research Laboratory at Point Barrow, directed by Dr. Max Brewer, is operated by the university for the Office of Naval Research.

A new Institute of Arctic Biology has been set up, under the direction of Dr. Lawrence Irving an early director of the Barrow laboratory, to study how man and animals adapt to meet the rigors of the arctic environment.

The university's research activities also embrace those in an Institute of Economics and Government.

THE OTEPKA CASE

Mr. DOMINICK. Mr. President, a few days ago the distinguished Senator from Connecticut [Mr. Dodd] brought the Otepkas case to the attention of Senators and pointed out the very difficult position Senate committees would find themselves in if it continued to be held that the executive branch could prevent any of its employees from coming before Senate committees, either by threatening them with dismissal or by verbally preventing them from testifying under that threat.

Mr. Richard Wilson wrote an extremely good article published in the Washington Star last night, entitled "The Firing of Otto F. Otepkas," which I believe brings out the facts clearly. He points out specifically that Mr. Otepkas is a fine security officer, and that the complaint is that he conformed to the statute which permits employees of Federal agencies to testify before Senate committees on request, rather than covering up and taking care of the rules and regulations of the Secretary of State, Mr. Rusk.

I believe this is sufficiently important and of sufficient interest to warrant being brought to the attention of those who read the CONGRESSIONAL RECORD, and I ask unanimous consent to have this article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE FIRING OF OTTO F. OTEPKA: SECURITY OFFICER CALLED FOE OF TRICKINESS AND LAXITY AND HIS DISCHARGE SHABBY

(By Richard Wilson)

Otto F. Otepkas, who has been fired by Secretary Dean Rusk, is described as the last old-line security officer holding a top position in the Department of State. In other words, there has been a housecleaning of personnel security officials in the Kennedy administration to remove the last traces of the tougher policies of previous administrations.

Mr. Otepkas was a Government employee for 27 years, pursuing the perilous career of

investigating and evaluating the loyalty, stability, and integrity of applicants for Federal employment. He was rated excellent by those who judge the efficiency of Government employees. He received the Meritorious Service Award from Secretary of State John Foster Dulles.

Mr. Otepka was fired for telling the truth to the Senate Internal Security Subcommittee on sloppy and tricky practices in the enforcement of personnel security regulations in the State Department. He undercut his superiors, the unforgivable sin of Federal bureaucracy.

This he did under the protection of United States Code, title 5, paragraph 652 (DC), which states that the right of a civil service employee to give information to Congress shall not be denied or interfered with.

Without guile, Mr. Otepka, frankly and openly and in defiance of his superiors, cooperated with counsel for the Internal Security Subcommittee to furnish further support for the subcommittee's conclusion that the enforcement of personnel security in the State Department is lax and dangerous.

For this, Mr. Otepka was accused of giving the subcommittee secret or restricted information—information, by the way, which was so innocuous and trifling in its security content as to be laughable.

To pin the goods on Mr. Otepka, his associates in the State Department tapped his telephone. They locked him out of his office and denied him access to his files. They rifled through his wastebasket and explored his "burn bag," a container into which tell-tale scraps of paper must be dumped for burning. He was openly humiliated before other employees.

Mr. Otepka got worse than he ever gave to any applicant for Federal employment, for he was widely known as rational and careful in this highly sensitive business.

The conclusion cannot be escaped that the worst offense this rational and careful employee committed was to have been connected with the more strictly applied security regulations of the past. He was connected with former officials whose memory is hated in some State Department quarters. And when he saw laxity and trickiness developing in personnel security he would not be stilled by any fear of losing his job or the condemnation of his superiors.

Mr. Otepka denies the specific charges brought against him, mainly of clipping off the classification stamps on the documentary evidence he supplied the Senate subcommittee.

He did not do it, he says, and it will be very hard to prove that he did, for the evidence as presented is flimsily circumstantial. What Mr. Otepka does not deny is that he testified before the committee in response to its request and helped counsel for the committee frame questions that would show the lax practices of his associates and superiors.

In the process of getting rid of Mr. Otepka, one State Department employee is accused of higher venality than Mr. Otepka himself. This employee is charged with lying under oath in denying the tapping of Mr. Otepka's telephone.

The whole business is unsavory and shabby in some of its aspects, and no more so than in the basic doctrine behind Mr. Otepka's discharge. For this, and little else in the Otepka case, Secretary Rusk must bear responsibility. He placed the matter of employee loyalty, operating through channels and playing on the team ahead of the more important matter of the efficiency and effectiveness of Government policy.

Now there is to be a transparently meaningless process of appeal on Mr. Otepka's discharge in which Mr. Rusk and President Kennedy will pass on their own decisions.

The Otepka case probably never will become a flaming public issue, and this is too

bad because it so aptly illustrates the Kennedy administration technique of diversion and counteraction when it comes under supported criticism. This was the case in the Billie Sol Estes scandal, in the TFX investigation, in the resignation of Navy Secretary Korth, and now once again when a strong case has been made against the personnel security policies of the State Department.

WHEAT GRADING STANDARDS

Mr. DOMINICK. Mr. President, over a period of time, I and many other people have asked the Agriculture Department to do something about tightening up our standards for wheat. At present, it is perfectly apparent that because of the broad gradations between various standards of wheat, the quality of our wheat which is used for export does not match the quality of similar standards of wheat from Canada, or even from the Argentine.

I have asked the Agriculture Department to impose standards which would give us a competitive situation with other countries in the world.

A very good article was published in the Denver Post recently in respect to this problem. I ask unanimous consent that it may be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

WHEAT GRADING STANDARDS ATTACKED

(By Dick Prouty)

A Colorado farmer harvests top quality wheat and delivers 10 truckloads of it to a country elevator.

According to the U.S. Department of Agriculture, it contains less than a pound of undesirable material—dirt, broken kernels, pebbles—per 60-pound bushel.

Then the wheat is moved to a larger terminal elevator, where, according to USDA grading standards, it may contain more than 8 pounds of undesirable material and still qualify as top-grade wheat.

So the 10 truckloads are mixed with 1 truckload of corn, corncocks, milo, plastic pellets, or other handy refuse.

It still qualifies as top-grade wheat, but now instead of 10 truckloads of wheat, there are 11 eligible for Government subsidy at the rate of 14 cents a bushel.

PAY FOR RUBBISH?

If the ratio holds for the 1.2 million bushels of America's surplus wheat, then the taxpayers, including the farmer who grew the grain, are paying \$16.8 million a year for storing 120 million bushels of rubbish.

But the story doesn't stop there, says Herbert Hughes, Imperial, Nebr., wheat farmer, elevator operator, foreign trade expert, member of the Nebraska Wheat Commission, and chairman of a committee on grain standards for a farmer's organization, the Great Plains Wheat, Inc., of Garden City, Kans.

The deliberate adulteration is costing the United States millions of dollars in wheat sales in Europe, South America, and Asia, Hughes believes. Those sales would help offset the U.S. foreign trade deficit, and help the farmer, he said.

It has also let some grain elevator operators reap tremendous profits—\$142,793,700 will be paid for wheat storage this year, according to the USDA. The C-G-F Grain Co., Salina, Kans., alone received \$24.6 million in 1962, Government reports show, Hughes said.

FARMS STORE LITTLE

On-farm grain storage by the farmers themselves accounts for only a small percentage of the \$142.7 million total, he said, noting \$120.4 million of 1962 payments

amounted to \$500,000 or more, "hardly an on-farm type operation."

"The present grain grading standards are so broad as to be virtually meaningless," Hughes said. "No one questions we ship the dirtiest wheat in the world—we can prove that we do, and who wants to pay \$1.79 a bushel for dirt, plus the freight charge?"

To help correct these situations several wheat farmer organizations have petitioned the marketing service of the USDA to revise the grain grading standards—specifically limit undesirable materials to 3 percent—less than a pound a bushel.

Naturally, the elevator operators, especially the ones who store great quantities of grain, are against the proposed changes because their profits would be reduced.

Jimmy H. Dean, general manager of the Farmers Cooperative Community Co., Hutchinson and Wichita, Kans., on August 29 wrote in the company Farmers News Digest that tighter quality control would hurt farmers where it hurts most—in the pocketbook.

"The net result (of a change in grade standards)," he wrote, will be "a lower price to the wheatgrower, headaches to elevators * * *" and he warned of discounts to be charged farmers if the changes are implemented.

Farmers Cooperative received \$3.6 million in storage payments last year.

Hughes, who has traveled abroad to find out firsthand about grain marketing, listed these advantages of the tightened standards, if they are approved and put into effect next May:

Foreign buyers would order increased amounts of wheat for cash with the immediate twofold result of decreasing the amount of grain in storage and reducing the Nation's foreign trade deficit.

"Of course, as we are able to increase exports, the co-ops which are big storage centers would lose storage fees from the Commodity Credit Corporation, which has title to all the surplus grain," Hughes said.

"It helps to realize that a profit on a sale to a foreign buyer is less than a cent a bushel," he said.

EXPORTERS MUM

Hughes said the exporters have pretty well stayed "on the sidelines" of the grading controversy.

"The effect of revised standards," he said, "would not be only to decrease Government payments for handling (5 cents a bushel) and storage of surplus wheat, at a savings to the taxpayers, but also to increase cash income to the country."

"Most of all, if foreign demands for wheat can be met competitively, the farmer can begin to look for increased acreage—he can grow more and thus gain in the long run," Hughes said.

A farmer now receives about \$1.80 a bushel for top grade wheat, depending upon local conditions.

Currently only a third of the 650 million bushels of wheat exported annually is paid for in cash, Hughes said. The remainder is paid for with foreign currencies, which the United States must spend within the purchasing nation.

ONE BILLION INCREASE

The gross export figure could be raised to 900 million or a billion bushels, the difference being new dollars, Hughes believes.

On October 14, 1960, after a 30-day inspection tour of European grain centers Dean reported:

"We must exert every effort to keep clean-out (undesirable materials) at a minimum if we are to effectively compete [for foreign wheat markets]," Dean said, in a published account of his trip.

The fate of the proposed grade standard changes is uncertain, but after a series of State wheatgrowers association conventions in November and December in Colorado, Kansas, Nebraska, Wyoming, Montana, Texas,

Oregon, and Washington, the issue is expected to be discussed widely.

A formal stand on the proposal is expected at the convention of the National Association of Wheat Growers in Amarillo, Tex., January 7-10.

Other conventions will be November 23, Akron, Colo.; November 6-7, Dodge City, Kans.; November 14-16, Alliance, Nebr. (includes Wyoming association); December 5, Wichita Falls, Tex.

THE BIRCH SOCIETY

Mr. FULBRIGHT. Mr. President, there has come to my attention an interesting and penetrating analysis of certain aspects of the opinions and principles of Robert Welch and his disciples in the Birch Society. This is in the form of the letter to the editor of the Santa Barbara News-Press, written by a friend of mine and former editor of the Arkansas Gazette, Mr. Harry Ashmore.

I ask unanimous consent that the letter be printed in the body of the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SANTA BARBARA, CALIF.,
November 1, 1963.

To the Editor,
Santa Barbara News-Press,
Santa Barbara, Calif.

DEAR SIR: The issues raised by the John Birch Society have been brought into clearer focus by the coincidence of:

1. Robert Welch's public reiteration of his previous semiprivate charges that President Eisenhower is a traitor, and that the late John Foster Dulles was an active Communist Party member from 1919 forward.

2. Senator BARRY GOLDWATER's belated public letter to T. M. Storke, of the Santa Barbara News-Press, in which he expressed disagreement with Mr. Welch but said he would not turn his back on the John Birch Society because this would brand honest conservatives with guilt by association.

3. The anguished open letter to Mr. Welch by Morrie Ryskind, the Los Angeles Times columnist and former JBS member, in which he characterized Mr. Welch's public statement as a "foul blow to conservatism"—"wickedly unfair," not to Messrs. Eisenhower and Dulles, but to the Birchers because "like it or not, you speak as the head of JBS and thus brand your members with the same beliefs."

Mr. Ryskind defines Mr. Welch's most serious error as violation of a tenet of the Birch faith, which holds that "only a damned fool provides ammunition to the enemy."

It seems to me a grave injustice is being done Mr. Welch by his sometime followers and colideologists.

Consideration of Mr. Welch's charges against Messrs. Eisenhower and Dulles necessarily begins with the question of whether or not Mr. Welch believes them to be true.

If he has knowingly made false charges for political effect he is, of course, a scoundrel beneath contempt.

But I do not think this is the case. I think Mr. Welch does believe that not only a distinguished career soldier who became a Republican President, and his Secretary of State, were conscious Communist conspirators, but that many if not most of the other key American leaders of this generation are equally guilty. This being the case, it is Mr. Ryskind who is guilty of a "foul blow." A patriotic citizen who is convinced that his government is riddled with treason cannot be called a damned fool for saying so; on the contrary he would be a poltroon if he did not respond to the clear moral obligation to sound a warning from the housetops. The

possible discomfiture of his associates is not a valid consideration.

Nor do I believe that Mr. Welch's charges can be called illogical (balderdash was Mr. Ryskind's word) by anyone who accepts the premise upon which he has founded the John Birch Society. Indeed, it seems to me that Mr. Welch's conclusion is the only possible one for any loyal Bircher, and that it is not only proper to associate the leader's views with that of the membership, but that it is logically impossible to disassociate them.

The basis of the John Birch action program—which includes impeachment of Chief Justice Warren, withdrawal from U.N., etc.—is the JBS estimate of the extent of "Communist control" of the nations of the world. This has been set forth in the Scoreboard of American Opinion magazine, an official publication of the John Birch Society, with findings as of June 1, 1963.

American Opinion rates the various nations on a scale which estimates the Communist influence, as a percentage of "Total Control" (capitalization American Opinion's, as reprinted in Facts About UNICEF). In the case of avowedly Communist states, such as Russia, Poland, Byelourussia, etc., the rating is naturally 100 percent.

On this scale no place on earth is immune; the lowest rating is Ireland's at 0 to 20; Nationalist China is at 10 to 20; Spain rises to 20 to 30; and such a presumed anti-Communist bastion as Pakistan shows up with 30 to 50 percent.

On the Birch scale the United States is around the bend, with a rating of 50-70 percent Communist total control. American Opinion compares this total control figure with an estimate of actual Communist Party membership in the United States, which it places at a mere 10,000.

The point of this is inescapable. No one could assume that 10,000 Communist Party members could exert 50 to 70 percent total control over a democratic republic the size of the United States. Such control could only be exercised at the very top echelons of government, by conscious Communist conspirators who have duped virtually the whole of the American people in a series of free elections. It must further be assumed that these conspirators have deluded or subverted the FBI and our other internal security agencies, which have either rejected or are deliberately concealing the facts as revealed by American Opinion to the John Birch membership.

Since I assume Mr. Welch's integrity, I cannot doubt his patriotism, nor that of the members of his society. The fundamental question, then, is whether or not the John Birch estimate of the extent of Communist control of the United States is wholly, or even substantially, correct. This is the issue Mr. GOLDWATER has not faced in his effort to disassociate himself from Mr. Welch, the society's leader, while retaining the support of the society's membership.

If Communist control has risen past 50 percent we are, as Mr. Ryskind says, at Armageddon, and self-preservation demands that we look upon our elected Government as a nest of vipers. In this light the Birch demand for mere impeachment of Chief Justice Warren is an act of moderation. But if we do not accept the Birch estimate, the society's concentrated propaganda campaign against the leading figures of both our political parties, with treason as its recurring theme, can only be viewed as grossly irresponsible, dangerously divisive, and bound to incite the violence that is already marring a good many public gatherings.

This is the issue on which all of us, Mr. GOLDWATER included, have to decide whether we are for or against the John Birch Society. A sincere patriot might wind up on either side, but, as I think the Birchers would agree, neutrality is unthinkable.

Sincerely,

HARRY S. ASHMORE.

PROPOSED EXTENSION OF IMPACTED AREAS LEGISLATION

Mr. PEARSON. Mr. President, I am pleased to join the distinguished Senator from Texas [Mr. Tower] in the sponsorship of a bill S. 2304, providing for a 3-year extension of the impacted areas assistance program.

Yesterday, when my distinguished colleague introduced this bill, he clearly and concisely set forth the problem wherein the impacted areas assistance program as a part of House bill 4955 continues to be considered in conference while more than 4,000 local school districts, involving approximately 2 million pupils throughout the Nation, find it impossible to complete their budgets and plan their educational program for the fiscal year.

Mr. President, the primary objective of the impacted areas assistance program is to provide financial assistance for the maintenance and operation of schools in local school districts upon which the Federal Government has placed added financial burdens by reason of the fact that federally acquired real property has been removed from the tax rolls while, at the same time, Federal agencies or installations have provided a substantial increase in the number of pupils which a local district must accept and provide education. One-third of all Kansas counties have estimated 1962-63 entitlements under Public Law 947 in the amount of \$6,173,-421.43.

Mr. President, Kansas, at both the State and the local levels, has rightly gained a reputation for conducting its governmental affairs with great financial responsibility. The two pillars upon which this reputation for financial responsibility is based are the State's statutes, popularly called the cash basis, and the budget laws.

Very briefly, these statutes provide that a local governing unit may not expend money for any purpose unless that purpose is provided in the budget and unless the local treasury has on hand unencumbered cash for immediate payment. Because the local school districts must adhere to these statutes and because of the delay of congressional action, it is critical for our school districts that Congress move ahead as quickly as possible.

The introduction of this separate bill should provide the means of solving a substantial and pressing problem now facing the local school districts in Kansas and throughout the Nation.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. PEARSON. I yield to my colleague.

Mr. CARLSON. I commend my colleague from Kansas for calling to the attention of the Senate his presentation of proposed legislation that would care for a problem that is resulting in a very difficult situation in the educational system not only in Kansas but throughout our Nation. The areas which are termed the impacted school districts; that is, districts in which children are being educated in impacted areas of defense installations and others, have been in need for assistance. It needs that assistance

now. I sincerely hope that we can get early action on the proposed legislation. I commend the Senator.

Mr. PEARSON. I thank my colleague.

ADMINISTRATION'S INDECISION ON THE HAGUE PROTOCOL MAY BE TRAGIC FOR AMERICANS

Mr. COTTON. Mr. President, I wish to call the attention of the Senate and the country to a unique and baffling situation which I believe must be corrected without delay.

For the first time in our history, the U.S. Government through willful inaction is in the position of placing a lower value on the lives of its citizens than almost any other major nation. Whether it is from vacillating indecision or callous indifference on the part of the administration, the result is that, in the usual situation, the life of an American today is worth only half as much as the life of a Frenchman, an Italian, a German, a Russian, or a Mexican.

This situation arises because of our failure to take any action on the Hague protocol to the Warsaw Convention of 1929.

In 1934, the United States ratified the Warsaw Convention of 1929, a treaty relating to international transportation by air. The convention provides for a limitation of liability on the part of air carriers in respect to passengers, baggage, and cargo moving in international transportation. Its most important provision is a limitation of liability for personal injury and death to passengers of approximately \$8,300. Without going into the finer legal points of the convention, its provisions generally mean that a person on an international flight who is killed in an airline accident cannot recover more than \$8,300 in damages from the airline.

Because this amount is unreasonably and unjustifiably low by our standards, the U.S. Government and other nations met in The Hague in 1955 to seek an increase in the limitation amount. They agreed on what is called the Hague protocol which set a new limitation, double the amount of the old one. The Hague protocol was signed by the United States, and submitted to the Senate for its advice and consent in 1959 by the previous administration. The Democratic controlled 86th Congress failed to act.

The present administration has undertaken what might be called an agonizing reappraisal of the Hague protocol, but it has made no decision. No recommendation has been made to the Senate. No steps have been taken to withdraw the protocol. No move has been made to safeguard the interests of the thousands of Americans who travel on international airline flights. They have just allowed the situation to drift in a leaderless vacuum.

In the meantime, the required 30 nations have ratified the Hague protocol and its higher limits on liability have gone into effect. The 30th nation submitted its ratification on May 1, 1963, and the higher limits of the Hague protocol went into effect on August 1, 1963.

As a result of our Government's inaction, U.S. passengers today, seated side by side with citizens of ratifying countries on many international flights are denied that benefits of increased liability. The air carrier is liable for \$16,600 in the case of death to such foreign passengers, but only \$8,300 in the case of most American passengers.

The confusion has been compounded as to the airlines of any country on flights to or from the United States. For example, passengers originating and terminating their flights in a ratifying country, with an intermediate stop in the United States, receive the benefits of the increased, \$16,600, Hague limits. Even those passengers who originate and terminate in a single ratifying country a round trip to the United States, receive the benefits of the increased Hague limit. But their fellow passengers who originate or terminate a one-way trip to or from the United States, or who originate or terminate a round trip to anywhere else from the United States are limited to the \$8,300 limit in the old Warsaw Convention. These inequitable and frustrating results are attributable to the U.S. failure to act.

This confusion, indeed discrimination, now plagues international commercial aviation. The bulk of international world travel involves transportation to or from the United States. But it is this very moment—to and from the United States—which is largely excluded from the Hague benefits because of the U.S. failure to act.

Furthermore, it should be noted that even if the United States ratified the Hague protocol tomorrow, its higher values would not be effective, with respect to the United States, for 3 additional months under the terms of the convention.

Mr. President, one of the potentially tragic aspects of this whole situation involving the limitation of the air carriers' liability is the fact that a vast majority of passengers are totally unaware of the existence of such a limit, and certainly not aware of the fact that the limits are lower now for travel from the United States than from most other countries.

Under these circumstances, the Government has an increased responsibility to make sure that the limit on the liability is not unreasonably and foolishly low.

In this connection, I was pleased to note the recent action of the Civil Aeronautics Board in approving new regulations which will require airlines to specifically and clearly inform passengers of the existence and the amount of the limit on their liability, thus putting passengers on notice, in appropriate cases, of their potential need for additional insurance. This is the only step the Board can take in the present situation, but their action may be helpful in throwing the whole situation into the light of public awareness.

Let me say, at this point, that it is not my intention to suggest that ratification of the Hague protocol is the only course of action open to us. Other steps might be taken to improve and increase the protection afforded Amer-

icans who travel on international airline flights, and I think they should all be explored without delay.

Mr. President, the legal limits on liability now are fixed at \$8,300 with respect to international flights which originate or terminate in the United States but are increased to \$16,600 with respect to flights in most other areas of the world.

This is inexcusable. It is indefensible. The administration must bear the full and terrible weight of the consequences for its failure to act in this field.

Furthermore, the Senate itself has a responsibility. Even if the administration is unwilling or unable to recommend any action, the Senate can act. The Hague protocol is still before it, pending in the Foreign Relations Committee, and available for ratification.

We cannot delay any longer. Tragic consequences may be the only reward of further delays.

AMERICAN EDUCATION WEEK

Mr. FONG. This week we are observing American Education Week at a significant point in this Congress. Both the Senate and the House of Representatives have before them a number of measures for the welfare of our schools and colleges.

Several major education bills—more, probably, than in the normal course of one session—have come to the floor for our consideration. As a strong supporter of our Nation's school system, I am pleased to note the progress that has so far been made in advancing the various school bills in this Congress.

The Health Professions Educational Assistance Act of 1961 was passed by this Congress and has now been signed into law.

The Senate has also approved proposals for: Strengthening and improving vocational education; extending and expanding the National Defense Education Act; and expanding the impacted areas laws.

These proposals have been consolidated into H.R. 4955, now in a Senate-House conference committee.

The Senate has received for its action a conference report on H.R. 6143, to provide financing for higher education facilities, already approved by the House.

The Senate has on its agenda a bill to expand the Library Services Act; a similar bill is pending before the House Rules Committee.

While the response of this Congress to these education bills has been encouraging, it remains to be seen whether these bills will finally be enacted, and in what form.

With the progress made to date and with another session ahead, there is good reason to believe that this Congress can make a substantial record in education. That is certainly my hope.

The pending education bills are the means for helping to upgrade the quality and quantity of our Nation's schools and colleges. They fit into the general theme for American Education Week—"Education Strengthens the Nation." For, in a very real sense, we strengthen our Nation when we fully support our schools.

Today it is apparent that, if America is to compete successfully with other lands who respect and encourage educational attainment, we must increase the opportunities for our young people to acquire knowledge and skills to the utmost of their ability.

In a world of 3 billion people, America numbers only 180 million, 6 percent of the world's population. What we lack in numbers we must make up in quality, and that quality can only come with the best educational facilities we can afford our people. This we must always do.

It has been said accurately that our Government cannot function unless education is widely and soundly based. How else except through general public education can an entire people become capable of shaping their own future through a representative government?

Speaking of my own State—the newest in the Union—I can personally testify to the role of public education in the development of this mid-Pacific community. Here were brought together peoples of many races and cultures from the Orient and the Occident. Most of the original immigrants came from non-English-speaking backgrounds. Yet, over the years, through the marvelous workings of free public education, new generations of American-born youths have come forth. In speech, attitudes, and outlook, they are as modern Americans as youths in any mainland community. More than any single influence, public education in the American tradition made them what they are today. I am proud to count myself as a product of this public education system.

In observing American Education Week, we pay tribute also to the role of the private schools. They deserve our commendation for they have made outstanding contributions to the progress and advancement of our society.

In reviewing the history of public education in the United States, we are reminded that the development of our schools has come a long way. Over many years, this development has taken place step by step, State by State. Our schools have had to grow and change along with the Nation and the times. With new needs have come new ideas to meet them.

It is for us, in this national legislative body, to fit the solutions to the new challenges facing our schools. In one House or the other, there are a number of pending education bills to which I referred earlier.

American Education Week is a timely reminder that Congress should complete this unfinished business as soon as possible.

On this occasion I wish to commend the national sponsors of American Education Week: the National Education Association, the American Legion, the U.S. Office of Education, and the National Congress of Parents and Teachers.

In Hawaii, local groups of these national organizations have arranged special programs for Education Week observance, in conjunction with similar events in other States.

Through their farsighted and vigorous efforts, these national and local organizations have called public attention

to the importance of education in our free society. They have also encouraged many other groups to participate in the observance of this annual event. All of them deserve the heartfelt thanks of Americans everywhere.

AMERICAN TRADE UNION COUNCIL AND THE HISTADRUT

Mr. McGOVERN. Mr. President, on yesterday evening it was my privilege to address a dinner meeting at the Hilton Hotel in Rockefeller Center in New York City honoring a distinguished American businessman, Mr. Jerome Brody, and a highly regarded U.S. labor leader, Mr. Julius Press.

The dinner was sponsored by the American Trade Union Council in cooperation with the Israeli labor movement—the Histadrut. Proceeds of this testimonial banquet will provide urgently needed recreational and cultural facilities for the Ed S. Miller Youth Center, nearing completion in a low-income section of Tel Aviv.

Mr. Miller who served as honorary chairman of the dinner and for whom the youth center is named has had a long-time interest in the progress of the Histadrut.

In preparation of my remarks for the New York dinner, I asked the Library of Congress Legislative Reference Service to prepare a memorandum on the accomplishments of the Histadrut.

I ask unanimous consent that the memorandum be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

THE HISTADRUT IN ACTION

Histadrut is a name which is synonymous with the State of Israel. For today 70 percent of all Israel agricultural production is the work of Histadrut's collective or cooperative settlements; 90 percent of the bus transportation belongs to a Histadrut cooperative; the second largest bank and the biggest insurance company belong to the Histadrut. Furthermore, 30 percent of the retail and wholesale trade is controlled through its cooperatives while 30 percent of Israel industry is affiliated with the Histadrut. Figures such as these clearly show the importance of this largest labor organization in Israel.

Forty-three years ago, when it was first founded by representatives of three Jewish Workers' parties whose total membership was approximately 4,000, Histadrut's basic aim was to serve as a central organization in which all workers could participate and promote their common interests. Zionist in outlook, this organization was to assist in the building of the National Home, thereby insuring that the State would develop as a workers' commonwealth. As is shown in its first policy statement: "The Histadrut considers it its duty to create a new type of Jewish worker, and to see to it that while settlement is being fostered, the Jewish worker who comes into being as a result of this process, shall be assured the place he deserves. It regulates all matters concerning the working class in the fields of trade union activities, settlement, and education, with the aim of building a Jewish community."

As the organization grew in number, its functions expanded to encompass all the activities of a Jewish worker and his family. The Israeli worker looked upon his union not only as a bargaining agent for improved wages and working conditions, but also as a part of his everyday social and intellec-

tual life. The Histadrut began operating in four major fields: trade union activities; social and cultural activities, such as sports, newspapers, films, and women's organizations; economic enterprises, which included cooperatives, agricultural settlements, financial institutions, and industries; and semipublic activities, such as an educational system, savings funds, medical services, and labor exchanges.

As a trade union organization, the Histadrut has been able to provide for the Israeli worker a standard of living comparable to the industrial nations of Western Europe and the United States. As a union to which 75 percent of all Jewish workers belong, the Histadrut supplies the lobbying power to enable greater benefits and to protect the worker from undue government restrictions. To this central labor organization belong university professors and street cleaners, doctors and factory workers, farmers and white-collar workers, manual laborers and academicians, each participating and sharing in the benefits assured them by the Histadrut.

The social and cultural activities of the Histadrut cover practically every facet of the nonworking hours of the laborer and his family. Several labor magazines and newspapers are published to keep its members informed of the activities of the organization and the state. There exists in every cooperative and settlement, clubs, and cultural centers and libraries where the members may relax after work. Music, folk dance, drama, painting and sculpture groups have been organized to provide mutual enjoyment and entertainment. Women's clubs provide a worthwhile outlet for the energies of the wives of the Histadrut members. In these clubs arise topics and suggestions which have and will benefit the community and the state.

The economic enterprises of the Histadrut fall generally into four categories. There are the large industries owned and operated by the Histadrut; companies owned partly by the parent organization in partnership with others, notably the government; cooperatives whose capital is owned by their own members but whose control is exercised by the Histadrut which provides such aid as credit facilities, technical advice, and legal and political protection; and those undertakings which are owned wholly or in part by the member cooperatives and which enjoy the same control and assistance as their central enterprises. Today the total of Histadrut projects constitute an empire directly employing over 170,000 people and having an annual turnover of over \$2 billion. It is difficult to realize that 43 years ago there were only 4,000 members, pooling their meager resources and talents to form a union which would become one of the great powers in the State of Israel.

The fourth field of operation with which the Histadrut is concerned, that of semipublic activities, has enabled the state to grow to the heights by which it is recognized in the world. Levi Eshkol has stated that the Histadrut is the backbone of Israel. Golda Meir acclaimed that without the Histadrut, the State of Israel would not have come into existence, that it did the work of the state before the state existed. As a product of Zionism, it fostered the immigration of the Diaspora to the Jewish homeland. As each new settler arrived in the land of milk and honey, the Histadrut provided the necessary attention to enable the refugee, the settler, the persecuted one to begin a new life. The Kupat Cholim was organized to provide medical assistance to all its members. By means of a medical insurance system, the worker and his family may be treated in one of a thousand clinics set up throughout the country in which are employed 10,000 medical personnel.

The newcomer has been able to acquire learning by means of the various educational

facilities provided by the Histadrut. Hebrew, the official language of the state, is taught to those of the Diaspora who have been unable to attain a proficiency in the language of their ancestors. The Histadrut Workers College, a residential school in Tel Aviv, provides leadership training programs for the various labor organizations. From these students come the labor leaders of tomorrow.

The Histadrut has also a correspondence school for its members in which are taught secondary school subjects and agricultural, clerical, technical and labor studies. In conjunction with the correspondence school, the Histadrut has recently inaugurated a Radio University, whereby the student participated in classroom work via the radio. With the advent of television, it is envisioned that the executive council of the Histadrut will also inaugurate television classrooms.

Another educational school which the Histadrut affords for its laborers is the Absalom Institute for Israel Studies. In this school, the student learns of the geography and topography of Israel, its flora and fauna, and the historical association of each place of importance in the state by combining Biblical studies, archeology, and natural history together with a study of modern developments. The function of this institute is to help and direct the many amateur circles and to sponsor exploration and research in their respective interests. The tourist business also receives a boon from the Absalom Institute since courses for guides are offered.

Other semipublic functions include a network of banks, insurance funds, and credit institutions which furnish credit to the co-operatives and agricultural settlements and to industrial enterprises which wish to expand.

Because of its diverse and all-encompassing functions, the Histadrut, in its early years before the Jewish state was proclaimed, was a training school for parliamentary life. Within the organization there developed political parties, representing the various factions within the Jewish community. The Mapai and Mapam both had their beginning within the framework of the Histadrut. As the Central Government was formed in 1948, it is interesting to note that the various parties represented on the executive council of the Histadrut similarly were represented in the government and in a like ratio. Whereas the Mapai dominated the Histadrut, it now controls the leading bloc of votes in the Knesset, the Israeli Parliament. The Histadrut, therefore, functioned as a transitional organization and a stabilizing factor in the establishment of Israel, and, according to David Ben-Gurion, will continue to do so in the future. He said: "Histadrut has become a pillar on which the structure of Israel's democracy will rest for many years to come."

As an organization which gave unity and a common interest to its founders and which, during its short history, provided a refuge for Nazi escapees, provided active participation through the Jewish brigade in World War II, channeled the unions' human and economic resources into the war of liberation, provided active assistance in the absorption of new immigrants, and developed a strong national economic position for the State of Israel, the founders of the Histadrut are able to look with pride at their accomplishments. Throughout Israel, Histadrut subsidiary organizations enable the Israel population to enjoy facilities comparable to those of Western Europe. Solel Boneh, the largest construction contracting company in the Middle East, has built the settlements to which the immigrants came to begin life anew. El-Al Airlines and the Zim Navigation Co. are owned jointly by the Histadrut and the Government. Virtually all bus transportation and water distribution is controlled by Histadrut subsidiaries. The whole-

sale purchasing and distribution industry of necessary supplies serves approximately one-half the state and also assures the exportation of the major portion of agricultural produce to Europe. The mutual faith of the Histadrut and the Government has enabled this labor organization, during the first decade of Israel's statehood, to invest over \$600 million in the nation's economy. This is indeed a proud record of achievement.

The development of Israel, though, is certainly not the result of one organization. Without assistance from abroad, particularly the United States, Israel's economy might have faltered along the way. Even the Histadrut has been given assistance by its fellow labor unions here in the United States. Throughout Israel, there are Histadrut projects and institutions which have been abetted by American labor organizations; foremost among these are the Beersheba Hospital, the Cultural Center in Haifa, rest homes, libraries, children's homes, cultural centers, and youth clubs. This international cooperation between labor groups has created a friendly feeling between the nationals of the two states, a mutual respect for each other's democratic institutions and a common front against world communism.

From the position of a borrower, Israel has now become a lender of capital, ideas, and personnel. As the African and Asian states gained their independence, it was necessary for them to achieve economic development and stability as rapidly as possible. Although the United States, Russia, and the other industrial nations of the world were capable and, indeed ready, to help these newly emerging states, their names carried with them the stigmata of imperialism, colonial power, or subversive state. Israel, encircled by hostile states, looked further afield for markets and friends and offered its services, too. Because Israel is a small country and cannot be suspected of imperialism, because the new states hoped for sympathy and understanding from a country which had recently undergone similar experiences for independence, because the schemes offered were on a small scale, more adaptable to the smaller states than were the grandiose and huge development projects on display in Russia and France, for example, and because Israel possessed an abundance of what the African and Asian nations needed most, that of trained personnel, response was immediate and positive. To Israel came the various missions to study the ideas, experiments, and fulfillments which made Israel a viable state. From Israel went the technicians, instructors, and capital to establish shipping lines, build roads and factories, set up government training centers and labor movements. The Histadrut, through its sundry organizations and companies, has provided for a majority of the work and personnel in the countries requesting assistance. In Sierra Leone, the Parliament Building was constructed by Solel Boneh. Solel Boneh also helped to establish the National Construction Co. in Ghana, lending 40 percent of the needed capital. Furthermore, teams went to Ghana to train a construction staff, of whom 10 have been sent to Israel for additional and intensified instruction. In Nigeria Solel Boneh participated in the establishment of the Nigerian Construction Co. and the Nigerian Water Resource Development Co. In fact, Solel Boneh has built numerous military installations for the United States in the Middle East and operates in a dozen countries where it has executed approximately \$100 million worth of construction undertakings in the last 6 years.

The Zim Navigation Co. has also expanded its operations in several Afro-Asian countries. It has been instrumental in establishing the Gold Star Co. in Hong Kong, the Five Star Line in Burma, and the famous Black Star Line in Ghana, a model for all future shipping projects.

Wherever their assistance is needed and requested, medical, engineering, and construction teams are sent by the Overseas Operations Development Office of the Histadrut. Such assistance has been gratefully received by Burma, Thailand, Ethiopia, Nepal, Mali, and numerous other countries.

Perhaps the foremost work of the Histadrut in the international field is the inauguration of the permanent Afro-Asian Institute of Labor Studies and Cooperation in Israel. Founded in 1960 this institute, within 2 years, had received representatives from 24 countries. These trainees at the school are taught to be labor leaders in their respective countries. Each year, two courses are held; the first from January through April is taught in English; the second, from September through December, in French. The course combines the theoretical studies in the economics of development with personal observations of cooperative enterprises and labor organizations at work. It shows how the development of a new state can profit from applied methods of agriculture and industrial cooperation, and how principles of trade unionism may be constructively applied in laying the foundations of statehood, as was done in Israel.

The Afro-Asian Institute teaches that the labor movement in the newly emerging states is the promoter and agent of industrialization, whose struggle is not only for a better share of the rewards, but also for building the tools, factories, and means of communications of the state; as opposed to the basic idea of the labor movement in the United States and Western Europe whose labor movements developed only to curb industrialization's worst abuses and to secure for the laborer a greater share of its benefits. Ghana has adhered to the principles of the Histadrut and has declared that its labor movement will be based on its principles. Labor leaders in Pakistan, India, and Burma also adhere to these ideas and are striving to achieve this end.

The Histadrut today is undergoing a change in organization and outlook. David Ben-Gurion stated in March 1956: "Histadrut today must be guided by two aims: to shape the social character of the state so as to realize evermore fully its guiding vision and to sponsor and pioneer all those things which cannot be accomplished by the power of compulsion or of law. And these include some of the most important and difficult of our tasks: to disperse the population more uniformly through all parts of the country; to reclaim the desert and waste lands; to increase unity between all sections of the population." The growth of the state, however, has enabled the government to take over many of the functions once considered as the dominion of the Histadrut. Emphasis is being placed on the cities in Israel rather than the agricultural settlements. Furthermore, the numerous enterprises within the parent organization have begun to fragment rather than to pull together, each one striving to gain more for its own members. Wage parity among all classes of laborers has also caused much dissension. Yet the leaders of the Histadrut believe that the future of their organization is secure, that their labor movement will weather these current storms and emerge as the continuing stabilizer of the state.

Through the efforts of the Histadrut, Israel rightly lays claim to the title of the most developed nation in the Middle East and, as such, the strongest defender of democracy in the area. Through the efforts of the Histadrut, cooperation and friendship has arisen between Israel and the Afro-Asian countries, a cooperation by which the tenets of democracy and freedom have been spread. Furthermore the close cooperation between our labor unions and the Histadrut has enabled a genuine respect to grow and bear fruit, as is shown in the several projects sponsored by American labor groups in Israel.

Its record of achievement is to be envied. As a pioneer of international cooperation, its future is unlimited. It is with pride that I am able to pay tribute to the "backbone of Israel," the Histadrut.

HEALTH CARE FOR ELDERLY

Mr. WILLIAMS of New Jersey. Mr. President, next week the House Ways and Means Committee will start public hearings on President Kennedy's hospital insurance proposal for the aged, commonly referred to as the King-Anderson bill. This necessary humanitarian piece of legislation would extend the social security system to provide a foundation of health care to the nearly 18 million older people of our Nation.

On two occasions—when similar legislation has been considered by the Senate—I voted for it. Next year, I am sure, there will be an opportunity again to consider the President's proposal and I intend to support it again. And, when the vote comes next year, I believe it will pass.

One major reason I believe it will is that it is now clear that the alternatives to the proposal cannot solve the problem of providing the necessary hospital care at a price our older people can afford to pay.

The legislation is not only vital to today's men and women 65 and over. It is a necessity for the security of millions of working men and women who will eventually retire. This great country can no longer ask its older people—or its younger people—to face their sixties, seventies, and eighties without the assurance of dignity in sickness as well as in health.

The urgency of providing a basic program of hospital insurance for our older people is obvious. The income of most of today's aged is low, and the likelihood of a serious, costly illness is high. They are likely to be hospitalized three times as often as younger people, but their income is less than half for people under 65.

For the average older person living alone has an income today of about \$20 a week. The average person living with a son or daughter or some other relative has only about \$9 a week in income. And, the average older couple has an income of less than \$50 a week.

This kind of income leaves no room for a serious illness. Yet, one in six can expect to be hospitalized in the next 12 months. Those who are hospitalized can expect to be in the hospital 15 days, the stay costing more than \$900.

How is a single older person, for example, going to pay for a \$900 illness with a \$20 a week income?

One major alternative suggested by the opponents of the King-Anderson bill is private health insurance coverage—either through Blue Cross-Blue Shield or the commercial insurance companies.

I am sure the House Ways and Means Committee members will be inundated by so-called proof from the American Medical Association, the Health Insurance Association, the Blue Cross and Blue Shield organizations, and the American Hospital Association that private health insurance is—or will shortly—be doing all that is really necessary.

I do not mean to prejudice their case. But the past is the only record we have to go by. The past shows that private health insurance industry cannot do the job; that there is no evidence to show that it will ever be able to do it.

Before going into why I believe this to be true, let me make this point clear: Private health insurance—including the coverage provided by Blue Cross-Blue Shield—will be a valuable supplement to the benefits provided by a basic social security program. It will be possible, once the problem of insuring hospital and nursing home care is resolved by placing it under social security, for many older people to use private insurance to help pay for the doctor bill and other health services not provided in the King-Anderson bill. This is a big role for the insurance industry to play and I am sure they then will be able to do it—and I hope do a good job at it.

But the present health insurance schemes cannot provide the basic necessary coverage and do the rest of the job, too. Policies offered to the aged by the commercial companies are either too costly or else too limited in their benefit structure. The Blue Cross and Blue Shield claim, however, that they perform better than the commercial companies, and that they can handle this whole job.

Two of the major reasons why I am sure the present health insurance industry cannot provide the necessary coverage for older people are these:

First. The way in which the Blue Cross Association has conducted itself in the past several years. Keep in mind that nearly half of all the claimed coverage for people 65 or over by the private insurance industry is provided by the Blue Cross-Blue Shield organizations.

Second. The cost of the Blue Cross-Blue Shield plans—if they provide anything close to adequate benefits—is out of reach of most of our older citizens.

The first point—that is, the conduct of the Blue Cross Association in recent years—is extremely important because it reflects on the good or bad intentions of the organization. And, it reflects on the seriousness with which they approach the problem of solving the medical care difficulties of our older citizens.

I regret to say that the Blue Cross Association appears to be more interested in keeping the King-Anderson bill from passing, than in providing health insurance for our aged. The leaders of the organization are playing politics with the health and welfare of millions of older people. They have been for the past 2 years.

Let me point out that my interest in the way the Blue Cross organization is operating is not new. A year ago I protested the role that the National Blue Cross Association was attempting to play in the congressional campaign over the issue of health care for the elderly.

I again ask Members of the Senate to look at the record:

Nearly 2 years ago, the National Blue Cross Association announced its so-called Blue Cross national open enrollment program for the elderly. This announcement received widespread publicity and

many favorable comments from newspapers. It was hailed by some as the real answer to the problem of providing health care.

Yet, as I said in my speech last year, no national plan ever appeared.

They failed to get agreement of the local Blue Cross plans to their idea of a national plan.

And one would think that, in the public interest, they might have said: "We are sorry. We were wrong. We cannot offer a nationwide program with the comprehensive benefits we announced."

Instead they quietly shelved the great nationwide program. But they were not so quiet about what they did next.

The next blast from Blue Cross came out, all across the country—conveniently timed just before the congressional elections. Up went the hopes of the aged once again.

In Life, Look, Newsweek, Time, the Saturday Evening Post—half-page advertisements.

In newspapers everywhere, large display advertisements. What did they have to say? They said:

Here is a senior citizens program available to you right here in your own Blue Cross area.

They implied: "Here is the solution to your health cost problem."

What they did was make available 73 different programs, in 73 different areas. But what they all add up to is very little.

They add up to further truth that the national Blue Cross, by promoting a second publicity barrage prior to last year's elections, jeopardized its reputation by throwing itself into a political arena where it did not belong.

We now have the results of these "amplified programs" for the aged. These were the plans that the national advertisements had proclaimed just before the 1962 elections—in which hospital care of our elderly was a major issue. These were the plans that were not available when the public announcements were made.

At the time the national advertisements advised readers to write or telephone their local Blue Cross for full details of the programs for senior citizens in their area. Well, calls were made to 33 different Blue Cross local plans in that period before the elections. And very few of them had a program for the aged to offer at that time.

But let us take a look at what has happened since then. Let us see whether, when the elections were over, the various Blue Cross local plans were really able to do anything about helping the aged with their hospital and health care costs. We now have some information on the accomplishments of that second well-publicized Blue Cross program.

When the national program died, the National Blue Cross Association said to the local plans:

Very well, we will not offer a national program for the aged. But you offer a program on the local level during the fall and winter. We recommend to you that your local program meet the following set of standards:

Two hospital contracts—a 70-day and a 30-day program, at least 30 days of coverage per year of mental illness and tuberculosis,

some nursing home benefits, some visiting nurse benefits (but these last two do not have to be provided until 6 months after the other benefits). We realize what we are asking you to offer is not as good as we told the people we would offer in the national program, but if your local program is to be any good, you must at least offer this as a minimum.

That was it. That was what was recommended to the 77 local plans. Between October 1962 and the end of January 1963, 73 of them actually did make some sort of nongroup contract available to the aged. But only 30 provided the traditional Blue Cross type of service-benefits in semiprivate accommodations. The rest did not. Only 27 met the reduced standards set by the Blue Cross Association. The rest did not.

I do not wish to belabor this point, because I feel there is one important gauge of the effectiveness of these plans and I shall rely on that.

How many older people actually signed up for these 73 different plans?

If we have the answer to that, we shall have the best indication of what role, if any, all of these different plans are playing in solving the problem of the health costs of our elderly.

Precise information is unavailable on the number of people who actually enrolled for these plans. But we do know it is a minuscule number.

The Blue Cross Association itself has recently provided information as to the number of aged enrolled in all of its plans as of December 1959, November 30, 1961, and January 1, 1963.

The Blue Cross says there were 4,300,000 people 65 and over enrolled in December 1959; 5,100,000 on November 30, 1961; and 5,313,771 on January 1, 1963.

In the 2-year period before it offered all of these great plans for the aged, the Blue Cross says its enrollment of aged people increased by 800,000. But in the 13-month period that includes all of these offerings, their enrollment of the aged increased by less than 214,000. Before the galaxy of plans, the average monthly increase of aged persons covered by Blue Cross was 35,000. And during a period which included all of these offerings, the average monthly increase of aged persons it covered was less than half—16,000.

The latter figure cannot be taken as the number who signed up for the special, much-publicized programs. In fact, it would appear that the 16,000-per-month increase was made up largely of people who became 65 during the period in question and simply retained their existing Blue Cross coverage. More than 21,000 people each month became 65 during the period.

In sum, these politically motivated plans have been a dismal flop.

Aside from the lessons they provide about how to avoid the worst public relations practices I have witnessed in a long time, these figures testify once again to a fundamental truth.

The truth is that an elderly retired couple cannot afford to spend \$224 a year, which was the median cost of the Blue Cross plans made available, for hospital insurance which, even under the better of the 73 programs, and combined

with Blue Shield, covers only half of their health costs.

Some subscription costs went as high as \$438 a year for a couple for the combined Blue Cross and Blue Shield coverages. Some of those that were offered at lower-than-average costs might as well have been stillborn like the national plan, since the benefits they provided were so limited.

Forty-six of the combined Blue Cross-Blue Shield plans had subscription rates exceeding \$250 a year for a couple, and in 13 plans the rate exceeded \$350. I know of few people, even among those in their younger, more productive, years who can afford such large costs for health insurance.

The Blue Cross plan in New Jersey—one of the best in the Nation—has attempted to offer a program of meaningful benefits to the older citizens of my State. Unfortunately, the annual cost for a couple for the Blue Cross coverage—not including Blue Shield—is \$208. And, it is a fair assumption that these already high rates will be raised even further beyond the reach of older New Jerseyites as the costs of hospital care continue to soar.

JACK DOW WINS SAVINGS BOND CITATION

Mr. HRUSKA. Mr. President, the Treasury Department yesterday presented its Minuteman Award to an Omaha business leader for his role in a unique U.S. savings bond campaign which has had such remarkable success in Nebraska that it is being considered for adaptation throughout the Nation.

The award went to Mr. Jack Dow, president of Savage-Dow, Inc., an Omaha advertising firm, for his efforts as publicity and advertising chairman of the Nebraska farm and ranch bond drive.

The campaign is directed at Nebraska's farmers and ranchers during this season when they are receiving cash income from the sale of their livestock and grain crops. Using the theme, "Put Your Stock in Bonds," the drive is unique in that Nebraska is the only State to direct a bond-selling campaign directly to farmers and ranchers. The slogan is illustrated by a husky Hereford steer, wrapped in a \$100 series E bond.

The idea is an enlargement upon previous efforts headed by the Nebraska Stock Growers Association, the Sandhills Cattle Association, and the Nebraska Cow Belles, an organization of ranch wives. Largely through the campaigns spearheaded by these groups, Nebraska has attained the No. 1 position in America in per capita volume of savings bond sales.

Mr. Dow's firm has done the advertising and public relations work for the farm and ranch bond drive as a public service and it has had the support of such groups as the Farmers Union State Exchange, a cooperative farm supply organization, which awards highway flares as premiums for the purchase of bonds.

The splendid success of the bond campaign in Nebraska is, of course, the result of the work of many people. Mr. W. B. Millard, Jr., chairman of the board of the Omaha National Bank, is State

chairman of the Nebraska Savings Bond Committee. State Senator Elvin Adamson, of Nenzel, president of the Nebraska Stock Growers Association, and Ralph Baker, of Valentine, past president of the Sandhills Cattle Association, serve as cochairmen of the farm and ranch drive, and Mrs. Richard Phipps, of Mullen, president of the Nebraska Cow Belles, is women's activities chairman.

These people, working with the capable State director of the savings bond division for Nebraska, Neville "Bud" Phillips, have achieved an enviable record of accomplishment. They deserve the grateful thanks of their State and their Nation.

The PRESIDING OFFICER. Is there further morning business?

Mr. YOUNG of Ohio. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. YOUNG of Ohio. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 235, proposed by the Senator from Alaska [Mr. GRUENING], for himself and other Senators, inserting certain words on page 41, between lines 8 and 9, of the committee amendment in the nature of a substitute, as amended.

Mr. YOUNG of Ohio. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield with pleasure to the Senator from Ohio, with the understanding that I do not lose the floor.

FOREIGN ASSISTANCE MUST NOT BECOME BOTTOMLESS PIT

Mr. YOUNG of Ohio. Mr. President, our foreign assistance program is vital to the security of the free world and should help promote the cause of peace. However, foreign aid must not become a bottomless pit. I cannot in good conscience support foreign assistance as a no-strings-attached handout to any and all governments. My vote has been cast in favor of some amendments drastically reducing the spending of our taxpayers' money to countries not needing or wrongfully using foreign aid funds.

My votes will continue to be cast for such amendments. The fact is that American aid today goes to 107 countries. Only eight countries in the free world did not receive some kind of direct subsidy from the United States. Many of these governments frequently act in direct contradiction to our announced policy and what we consider to be in the

best interests of the free world. Other aid recipients in Western Europe and elsewhere are now economically solvent and prosperous.

I refer to such countries as West Germany and the Netherlands, for example. They are able to give foreign assistance rather than in need of receiving it. However, we continue to send them taxpayers' money. This must be ended.

Other countries receiving economic and military assistance have time and again failed to institute the needed economic and social reforms to meet the criteria of political stability and democratic practices necessary to any real progress in economic development. I assert we should not provide financial or military assistance to such nations. The dictatorial regimes of Franco in Spain and Duvalier in Haiti are examples. In fiscal 1963 a total of \$6.2 million was poured into Haiti, while Dictator Duvalier instituted bloody purges and wrecked the constitution of his country.

The current foreign assistance bill is swollen with provisions for unjustifiable handouts such as these. This must be corrected, and some abuses have been. During the debate, we have trimmed the bill considerably. I am hopeful that we shall continue to examine all provisions of the bill and vote for a clearly defined and outlined program to provide needed foreign aid but end waste of our money. The current foreign assistance—or, as it was improperly termed during the Eisenhower administration, mutual security—must not become, as I have said, a bottomless pit.

The total expenditure of American dollars abroad far exceeds the total expenditure for foreign aid. Clearly, many programs abroad are in the nature of foreign assistance. Consider the Peace Corps, on which we spend millions of dollars, the food-for-peace program, involving hundreds of millions of dollars, and, of course, the high costs of maintaining our Armed Forces abroad. These programs should be kept in mind when considering our total involvement overseas. Viewing the entire picture, I am convinced that it is possible, practical, and sensible to cut the appropriations for foreign assistance even more than we have to date.

Mr. President, we must also live up to our democratic principles in determining the recipients of American assistance. I have repeatedly spoken out against military assistance to Spain's Fascist dictator, Franco. Today I reiterate that opposition. We should not enrich the coffers and strengthen the iron grip of dictatorships whether of the extreme left or the extreme right. I urge passage of an amendment to the Foreign Assistance Act of 1963 which would specifically bar any military assistance to the Franco regime.

Generalissimo Franco is the sole and absolute ruler of Spain. Spain is as totalitarian a state as are the Soviet Union and Red China. Under the Franco regime, the people of Spain are denied every fundamental civil, political, and religious liberty, freedom of speech and press. Some thousands have been imprisoned without trials. The

fact that Franco is a self-avowed Fascist rather than a Communist does not change these facts.

The story of Franco's rise to power is a story of violence and ruthlessness. During the Spanish Civil War, from 1936 to 1939, he led rebel forces against the republican Government of Spain. This brutal war saw hundreds of thousands killed in battle, whole cities destroyed, industries and agriculture wrecked.

With the full military and financial support of Hitler and Mussolini, Franco emerged as absolute ruler of Spain. He has since maintained his power by suppressing all opposition. It is estimated that 6,000 political prisoners are now languishing in Spanish prisons. Thousands more have died in concentration camps or have been executed without legal trials. The notorious Isle of Pines prison trials and executions, which first exposed Castro as the tyrant he is, differed little from the practices of the Franco regime.

No matter how convenient it may have been and may be for our country to deal with a dictator like Franco, it is all wrong. In the end it will be proved to have been a mistaken policy, because finally the people will throw out their oppressors—in this case, the ruthless dictator, Franco. It has always been so in the history of the world.

Mr. President, we went to war with Nazi Germany and Fascist Italy. We have refused to recognize Communist dictatorships in Red China and Cuba. On the other hand with regard to Franco, we negotiated for military bases in Spain and signed military aid agreements with him, thereby giving international respectability to his Fascist regime. This was culminated by the visit of President Eisenhower to Madrid in December 1959.

The argument is often made that the realities of the cold war necessitate our dealing with such regimes so long as they are opposed to communism. We needed air and naval bases in the Mediterranean. Therefore, we did business with a Fascist dictator. Today, however, in view of our tremendous missile power and far-ranging atomic-powered Polaris submarines, the need for these bases may be subject to review. At any rate, we must not give Franco military assistance to strengthen his hold on the Spanish people. It is time to wake up from our siesta in Spain. The fact is that our military and economic assistance to Franco profoundly affect the status of the Spanish people.

Our great democratic ideals have not changed. We abhor the outrageous practices of this Fascist regime. Let us stop aiding and abetting tyranny.

In the past, we did have need of NATO air bases in the Mediterranean area. However, recent changes in weapons and technology have now changed our defense needs and those of our western allies. It may no longer be as necessary for us to maintain bases in Spain. Even if we retain these bases, we should not give armaments directly to the tyrannical regime.

Our need for NATO bases is, in the final analysis, a matter for the determination of our military experts. Today,

a base in Spain would be valuable mainly as a maintenance port for our atomic submarine fleet. At present our Mediterranean submarines must travel all the way to Holy Loch, Scotland, for servicing and repairs. It was with this in mind that last September we negotiated the renewal of our base rights in Spain for 5 years.

Dictator Franco was well aware of our needs. He tried to use these bases as blackmail to extort from us planes, weapons, and equipment for his armed forces, costing between \$200 and \$300 million over 5 years, in addition to our help in bringing Spain into NATO. Happily, Franco's attempted blackmail failed. However, regretfully, the new agreement for continuation of the bases was signed—and, I might add, signed without the needed provision for use of one Spanish base by Polaris submarines. There was no mutual benefit involved. We gave. Franco got. My view is we should have rejected his ultimatum and if he did not abandon his demands withdraw our forces, depriving his country of the benefits of the spending of our servicemen.

Since the first year of the Eisenhower administration—1953—we have poured more than \$1.3 billion into Spain.

I like the Spanish people. I have been to Spain a number of times. I feel sorry for them. The \$1,300 million that we poured into Spain has enriched the group around Franco and has helped him to retain his power. It has done little or nothing for the great mass of the Spanish people.

Three major Strategic Air Command bases and two naval air bases have been built there at a cost of \$400 million. These bases provide protection for Spain as well as the rest of Western Europe against Communist aggression from the Soviet Union, but not protection against Fascist oppression from Franco. Yet we are forced to pay heavily for them in military armaments for Franco's Forces.

Mr. President, I would never advocate any measure which would weaken the military security of our country. I do suggest that we end military aid to strengthen fascism. Without such aid, Franco implies that we will be kicked out of Spain. I doubt this. Let us call his bluff. If we removed our bases, it would not materially weaken our strength in Europe or the defense of the free world, but it would definitely weaken Franco's hold upon his people.

I have argued earlier that our foreign assistance program must be trimmed even further than it has been. Waste can and must be eliminated. All Americans recognize the necessity for assistance to governments struggling against Communist infiltration, and to underdeveloped nations with a real desire to "pull themselves up by the bootstraps." Such assistance is clearly in the best interests of the free world. However, aid to a dictatorship of the right is no more in the interest of freedom than aid to a dictatorship of the left.

This year's foreign assistance bill wisely provides that no aid shall be given to any country in the Alliance for Progress "in which the government has

come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections." This provision applies specifically to Latin America. The principles behind it have more than regional significance. It is in our interest, it is in the interest of the entire free world, that democratic practices be encouraged and nurtured. It is clearly not in our interest that tyrannical rule—whether in Latin America, in Europe, or in the Far East—be approved by or abetted by the United States. The economic and social goals toward which U.S. assistance is aimed can hardly be achieved in an atmosphere of religious, political, economic, and social suppression.

Military assistance should be denied to Fascist Franco and others like him. Let Franco and the world know that we are interested in more than cold war victory. We are interested in freedom and social justice. I find the practice of paying many millions of dollars to Franco's government abhorrent.

Let us act boldly against dictatorship in any form. Let us act wisely to support the common people held in bondage in Spain rather than the ruling class swollen with wealth and privilege while the common people are subjects practically in chains. The U.S. presence is more than adequate protection for Spain against Communist aggression. Further military assistance is unnecessary. Therefore, I strongly urge that the foreign aid authorization measure be amended specifically to exclude any military assistance whatever to Spain, or to any other country ruled by a dictator, whether it be Red China or Soviet Russia, or Duvalier's Haiti, or Franco's Spain.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. YOUNG of Ohio. I yield.

Mr. GRUENING. I commend the Senator from Ohio for his excellent, forthright presentation. I fully agree with the point of view he has expressed. It may have been true, as in the earlier days of the cold war, that it was desirable to build a great chain of military establishments in Spain—Army and Air Force bases and naval bases. But I see no reason why, at the same time, we should also have poured economic aid to the tune of hundreds of millions of dollars into that Fascist country.

Now we are told that military fashions have changed; that the old weaponry and methods have become obsolete; that we are going into the missile age. Yet it is amazing that we have not materially revised our position in regard to Spain.

I notice with some surprise that the Spanish dictator has declined to allow us to use our naval base in that country for certain types of our submarines. Why such restrictions were imposed, I do not know. It would be useful to have the State and Defense Departments, which negotiated the continuation of our generosity toward Franco, determine why such restrictions were imposed.

Even if it is necessary to maintain our bases there, I see no reason why we should pay so lavishly and generously to implement the Spanish economy, and why our economic aid to Spain should

continue. It is obvious that our economic aid has contributed greatly to the prosperity of Spain. But our assistance has not enlarged the liberty of the Spanish people in any degree. They are still without freedom of press, freedom of assembly, freedom of speech; and, in the case of other than the state religion, with a limited freedom of worship.

Mr. President, it is unfortunate that we continue to pamper dictators with our foreign aid. Whether they be Fascist or Communist, both are objectionable.

I hope that the wise remarks of the distinguished Senator from Ohio [Mr. YOUNG] will bear fruit. It is not easy to change encrusted thinking along these lines in certain sections of our Government. However, it seems to me the time has come, when we are taking a new look at the entire program of foreign aid, that the new look should include a reappraisal of the generous assistance we have given to Spain, to determine whether it may longer be necessary to yield to what, in effect, the Senator from Ohio has called blackmail—for that is what it amounts to, pretty much. We provided economic aid to Spain in exchange for permission to build our bases there at a cost of something over a billion dollars. If Franco is as anti-Communist as he is supposed to be, he should have welcomed our presence there without charge; but we were obliged to provide him with all kinds of economic assistance. I hope the time will come when such assistance will cease.

The Senator from Ohio is to be commended for discussing this subject in so forthright and impressive a manner.

Mr. YOUNG of Ohio. Mr. President, I thank the distinguished Senator from Alaska. I compliment and praise him for the fine leadership he has manifested at all times during his service in the Senate, and particularly during the past 2½ weeks, when the foreign assistance program has been debated in the Senate. The leadership of the Senator from Alaska in behalf of the taxpayers of the country, who have been paying tremendous sums for so-called foreign assistance, is highly commendable. Much of this money has been wasted on countries such as Spain and Haiti, where dictators of the extreme right are holding sway and are ruthlessly suppressing the civil liberties of their people.

Mr. GRUENING. In the course of the discussion of my amendment to bar military aid to Latin America, I shall list the amounts of money we have given to those countries for military aid. The Senator from Ohio has mentioned Haiti. I find that we have given Haiti \$5,800,000 for military aid under our foreign assistance program. What has been the result? The result has been identical, more or less—a difference in degree, perhaps—with what has happened as a result of our providing military aid to other Latin American countries. It has not promoted the security of those countries. It has not guarded them against invasion, because they were in no danger of invasion. It has not strengthened their internal security; in fact, their internal security has actually been upset

by the arms, tanks, machineguns, and airplanes we have provided them. So the Senator's point is well taken.

The amendment which I shall discuss today deals only with military aid to Latin America. Latin America has certain characteristics and qualities that are unique or different from other parts of the world. But in a general way, the motivation for the amendment applies also to other countries. Our aid to Franco—whatever else it has done—has enabled him to strengthen his dictatorial hold on the people of Spain. We have heard rumors lately that there are to be reforms. Those rumors start and gain currency about the time when the aid agreement with Spain is about to be renewed. These alleged promised reforms are held out as a little bait: "If you—the United States—give us some money, we will grant a little more freedom to our people." However, although agreements have been concluded, no real changes have been made by Spain.

Mr. President, the amendment which I have proposed and which is now before the Senate is cosponsored, I am proud to say, by the distinguished senior Senator from North Carolina [Mr. ERVIN], the distinguished junior Senator from Wisconsin [Mr. NELSON], the distinguished senior Senator from Wisconsin [Mr. PROXMIER], the distinguished junior Senator from Nevada [Mr. CANNON], the distinguished junior Senator from South Dakota [Mr. MCGOVERN], the distinguished senior Senator from Oregon [Mr. MORSE], and the distinguished junior Senator from Florida [Mr. SMATHERS]. The amendment provides:

That, except (1) to the extent necessary to fulfill prior commitments and (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country.

This amendment would bar military assistance to Latin American countries unless, first, the aid is given to fulfill prior commitments or, second, the President finds that such aid is necessary for the security of the United States.

Most Senators will readily recognize that this amendment is little more than a sense-of-the-Congress amendment, since the authority given the President is very broad. However, if enacted, it will stop blanket military aid to Latin American countries, and will require justification by the President to the Congress in such individual cases as are permitted his discretion. The amendment would permit the President to give arms to Latin American countries for internal security purposes, to prevent or to put down internal insurrection. It can be argued at any time that the sending of arms there is not only of aid to their security, but also is useful and beneficial to the security of the United States.

Moreover, the amendment would not in any way prevent the United States from continuing to sell arms to Latin America. The amendment would not prevent the United States from keeping any prior commitment to supply military assistance to Latin America. I have it—

tle doubt that some such commitments—either expressed or implied, explicit or implicit—may have already been made. But the amendment would require that the Congress be specifically informed of each case.

However, this amendment, if adopted and enacted into law, would have one very salutary effect. It would cause those in charge of the military assistance program to pause and ponder before continuing to provide military assistance to every Latin American nation. What I object to is the existing policy that each Latin American nation is presumed to be eligible to receive our military assistance as a matter of course. That is what this amendment is designed to stop.

So far as I can determine, there has been no discrimination in the administration of this military assistance program in Latin America—and I use the word "discrimination" in its more favorable connotation, although the word has acquired an unfavorable connotation in connection with civil rights matters and other discrimination associated with any unfair practices. But in this case I use the word "discrimination" in the sense of meaning the use of good judgment and selectivity. Such selectivity has obviously not existed in our military aid program to Latin American countries. We have wished it on all of them.

So there has not been the use of good judgment in connection with our military aid program for the countries of Latin America. All of them have received our military assistance—including one enlightened small country which has abolished its military forces by constitutional amendment and does not want to reinstitute them. Even so, it, too, has received our military assistance. Too often we have pandered to the pride of military dictators there and have given them sophisticated armaments, to enable them to "keep up with the Joneses." In effect, we have contributed our share to a military buildup and armaments race in Latin America. Think of it, Mr. President. Although our professed purpose all over the world is to work for peace, we have, in effect, contributed our share to a military buildup and armaments race in Latin America.

I ask Senators to consider the feelings of U.S. fishermen who have been illegally taken from their fishing vessels while fishing on the high seas and have been transported to a Latin American country in a vessel which was given to that country by the United States under its military assistance program. We should consider the feelings of such fishermen who are taken from their vessels—whether by Ecuador, Peru, or Chile—and imprisoned and fined, although the vessels used to arrest them illegally and take them to prison were given to those nations as a part of our military aid program. Is not that ironical—not to use a stronger word?

Last week there was considerable debate in the Senate on an amendment sponsored by the two distinguished Senators from California [Mr. KUCHEL and Mr. ENGLE]. Unfortunately, the junior Senator from California [Mr. ENGLE] was unable, because of illness, to be pres-

ent in the Senate on that occasion. We are delighted with the good news that he is recovering rapidly. In any event, carrying the ball on that occasion for the two California Senators was the distinguished minority whip [Mr. KUCHEL], who pointed out that our fishermen who were fishing in international waters there were arrested, and he pointed out that one American fisherman was arrested by the crew of a patrol boat which we are told was formerly a vessel of the U.S. Navy, and another was arrested by the crew of an Ecuadorian vessel, also aboard a former U.S. naval vessel.

But the able Senator from California did not specifically point out, and I am not sure he was aware of it, that those vessels—gunboats, and cruisers—were given to certain Latin American countries as a part of our military aid program. What a fine situation that is. We give them the vessels for purposes of defense against some fancied foe, but they use them to arrest American fishermen and drag them to jail, where some of them were kept for several weeks. What a spectacle that is. I would hardly have imagined that that would happen, but it did happen. It is something for Ripley. American naval vessels given to those countries under our military aid program are used to arrest American fishermen, and take them to jail, and they are fined. I am curious to know what possible defense could be made of that application of our military aid program.

This amendment relates to the situation in connection with the countries of Latin America. Of course it is not a new subject.

In August 1962, I made an extended address to the Senate on this subject, and at that time I pointed out that, in my judgment, military aid to Latin America was defeating the purposes of the Alliance for Progress, and I documented it fully with the results in half a dozen countries where the arms the United States had given them had resulted in military overthrows, in military dictatorship and in instability—thwarting economic progress, social reform and peaceful development.

It might be apropos if at this time I quoted from the speech I then made in the Senate, because at that time, more than a year ago, I prophesied the development of this very situation; and I pointed out that our military aid was upsetting existing governments.

I do not know whether the leadership is willing to accept this amendment, but I point out that it would give the President adequate latitude. But the amendment would establish an important principle, because, as I have said, under the amendment the President not only could fulfill prior commitments, but, in addition, whenever he thought such aid was in the interest of the national security—and, of course, that proviso could be very broadly administered—the President could extend such aid. The invasion of a Latin American country by an armed force might menace the security of the United States; and in that case the President could take appropriate action. But I feel that the kind of military aid we have been giving for a decade and a half

carries out the purposes for which it was intended; namely, hemispheric security and mutual defense. I pointed all this out in a speech made earlier in this debate.

Mr. FULBRIGHT. Mr. President, will the Senator from Alaska yield?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Alaska yield to the Senator from Arkansas?

Mr. GRUENING. I yield.

Mr. FULBRIGHT. Would the Senator from Alaska agree to the inclusion in lines 7 and 8 of language which would cover a situation in which such countries were threatened with internal subversion? We know that today there is in Venezuela a very active internal Communist group which is threatening the security of that country. We are very much interested in maintaining the integrity of the present Government in Venezuela, which I think is the only Government which has a prospect of surviving there if the present Communist threat is surmounted. Would the Senator from Alaska agree that the words "necessary to safeguard the security" should refer not only to outside aggression, but also to internal subversion which might threaten the security of the country?

Mr. GRUENING. I agree. Perhaps it should be pointed out that under the amendment it would be possible for the United States to provide them with military assistance of a certain type—namely, small arms, pistols, rifles, tear gas, and so forth—but not tanks and naval vessels, which have been so greatly misused.

Of course, subversion is not confined to the use of military force; it also takes place by means of all kinds of intrigue.

If the chairman of the committee would accept the amendment in such form as to take care of cases of internal subversion, carried on by violence, I would be very happy to have him do so.

Our continuing acceptance of the general principle of hemispheric defense which was accepted generally when this program was called mutual security is no longer valid, for this is not now a matter of mutual security, but a matter of security against internal assault—although it might involve a threat to mutual security. Most of the upsets which have occurred in such countries have occurred as the result of the activities of juntas which have threatened and overturned democratically instituted governments, or in some cases less democratically instituted governments. In any case, they have upset the then existing governments.

Mr. FULBRIGHT. Would the Senator also agree that the word "and" on line 5, immediately before the (2), should be "or"? It ought to be phrased alternatively, should it not? If the two were coupled together, there is a limitation requiring a prior commitment.

Mr. GRUENING. I would be very happy to have the Senator suggest some additional language. I should like to have stated as a principle that wholesale aid to Latin America allegedly for hemispheric defense be scrapped.

Mr. FULBRIGHT. That subject was discussed in the committee. The committee discussed its approval of some of the projects which involved cruisers and submarines. They were justified, not by the State Department, but by the military, as being necessary for hemispheric defense—patrolling access routes to Latin America, and so on. That was a number of years ago. That was the explanation given and insisted upon. The committee was critical of some of the proposed projects. As I recall—I believe in the case of Peru, and possibly in the case of Venezuela—cruisers or other fairly large naval vessels purchased from other countries were involved. I think we furnished them one or two, but not many.

The one item referred to was involved. We disapproved that on principle on the same ground that the Senator is now stating.

Mr. GRUENING. It seems to me that the situation could be satisfactorily resolved if we inserted language which would make it clear that the President could at any time act in relation to any individual country, rather than have in the bill a blanket arrangement for military aid to countries of Latin America, which aid to date has been given indiscriminately to every one of those countries, including Costa Rica, which by its constitution has abolished its army. Costa Rica went under the military aid program. It was not really military aid; it was civil aid. Jeeps, three planes, a patrol boat, and a Coast Guard cutter were involved. But it should not have been called military aid. It should not have been in the military program.

Mr. FULBRIGHT. I am not sure about that particular case, but the Senator knows that in administering the contingency fund, quite often allocation is required to be made in accordance with some other existing authority, which does not always include an accurate description of the purpose.

There are certain restrictions in the law in that connection. Sometimes it is called supporting assistance, as in the case of a country like Bolivia, when it does not conform to the usual criteria for supporting assistance, because no direct military aid is involved. But that was done because use of the contingency fund had to be in accordance with some other authority.

I questioned that policy. It was said that the contingency fund was always allocated under the authority of some other section of the act, even though it does not conform to the usual primary purpose of that particular allocation. That was true in one or two cases in which either military assistance or supporting assistance was used as a designation of certain aid, when it was neither one. It was actually the use of the contingency fund, and was administered in accordance with the provisions and restrictions applying to those particular categories.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. MORSE. I wish the attention of the Senator from Alaska [Mr. GRUENING] and the chairman of the committee, the

Senator from Arkansas [Mr. FULBRIGHT]. We are considering whether or not to reach an understanding in relation to the Senator's amendment that will accomplish the maximum amount of good and be acceptable to the administration and to the chairman. Let us face it. The real problem is in fact a psychological problem in Latin America.

If it becomes necessary to do so, I intend to use this afternoon to speak about some messages I have received from some of our best friends in Latin America, including Latin American presidents, who are very much concerned about what America's policy is to be in connection with the subject of military aid. They are democracies, but in some instances they are shaky democracies. They are fearful that they may not survive. But it seems to me that the important thing is that we try to arrive at some arrangement. I want the Senator from Alaska to know that I, as a cosponsor of the amendment, will go along with anything that the Senator from Alaska can work out in the way of an adjustment of the amendment whereby we would say to Latin America, "We will not give you any more military aid." That would not stop the training programs.

It would not stop purchases. We would say, "We are not going to give you any more military aid as such, unless in some specific case the President of the United States finds that in the interest of U.S. security—and he sets forth his reasons to Congress—it ought to be done." No one can stop that. I cannot conceive that anyone would want to stop it—certainly not the senior Senator from Oregon and, I am sure, the Senator from Alaska. But it would be a great psychological change in the bill. In my judgment the bill would then become a great psychological weapon throughout Latin America. It could be used by our friends. They would rest a little more secure. They would feel a little better. At present our friends in Latin America are worried.

This morning I had a conference with a prominent Latin American. I know whereof I speak when I say that my views are not singular to me but are shared in many high places in Latin America. The Senator from Oregon has some other amendments on military aid in connection with Latin America. We cannot tell how the Senate will vote on them. I have an amendment in which I have proposed to cut \$10 million from proposed aid to Latin America. If an adjustment could be arrived at on the amendment, I would not offer it. The psychological value is more important. I think it would be worth many times the saving of \$10 million. A dollar sign cannot be put on the psychological value of the proposal.

The time has come, in America's self-interest, to serve notice on military groups in Latin America that we will not continue to build up a military caste system in many places in Latin America, which is not working in the direction of strengthening freedom in Latin America.

I must leave the floor of the Senate temporarily. I hope the Senator will protect my interests while I am gone. He always has, so far as my parliamen-

tary rights are concerned. I wish the Senator from Alaska to know that any arrangement he can arrive at with the leadership in regard to the amendment will be acceptable to me.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I find the Senator's amendment very constructive. I believe it will serve a useful purpose in the bill. As the Senator from Alaska and the Senator from Oregon know, I have been very much concerned about the military assistance program in Latin America. I voted to reduce it because I felt that there were abuses of it, and that much of it was going for purposes other than purposes which would be helpful to our own security or even to the security of free institutions in Latin America. The record should be clear that our Government should cooperate with duly constituted governments in Latin America for internal security purposes, and to make sure that constitutionally elected government at least have a fighting chance to resist the guerrilla tactics and the forces of open violence and terror which are evident in such countries as Venezuela and Colombia, to mention two; but there are others. We do not want anything we do here to be interpreted as denying our cooperation to duly constituted and elected governments to protect their own security and their own democratic institutions.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. MORSE. I wish to join in that statement. I never had any intention of weakening a democratic government in Latin America as it tries to meet any Communist threat. The need is for machineguns, rifles, pistols, tear gas, and the entire group of small arms necessary to meet the guerrillas. They do not need submarines, jet bombers, and heavy equipment, much of it obsolete to our purposes, anyway.

In my judgment, the amendment of the Senator from Alaska would give them protection of the kind they need, and would serve notice that they will not get the other kind of military aid.

Mr. HUMPHREY. I believe the Senator from Oregon is correct. I would add to the group of small arms which might be needed for internal security purposes by constitutional governments. Such an item, for example, as a helicopter might be helpful at present in Venezuela.

Mr. MORSE. That would be very helpful.

Mr. HUMPHREY. Let me say to the Senator from Alaska that the suggestion made by the chairman—that on line 5 the word "and" be changed to "or," I believe would be helpful, because it would strengthen the amendment. I believe it would do much to eliminate any doubt as to its purpose.

Mr. MORSE. I have already told the chairman that I believed that would be good.

Mr. GRUENING. I should like to ask the Senator from Oregon to remain for a moment, while I suggest to the chair-

man additional language: On line 9, after the words "United States," to add:

Or the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

In other words, when their safety is threatened we can give them arms.

Mr. HUMPHREY. I should hope so.

Mr. FULBRIGHT. I see nothing wrong with that.

Mr. GRUENING. Would the Senator from Arkansas accept that language?

Mr. FULBRIGHT. Yes. The Senator is making specific what we have said as a matter of legislative history. I should like what we have said, of course, to be the interpretation which we put upon the language.

Mr. MORSE. It must be. That is why I said what I said, to join the Senator from Minnesota in making legislative history as to the meaning of the amendment.

Mr. GRUENING. The point the Senator from Minnesota has made is a good one. Venezuela is threatened by subversive activities and faces violence; and that government needs weapons for its protection.

Mr. FULBRIGHT. Yes.

Mr. GRUENING. There are other such cases. In some others, the same situation does not exist. If we can obviate blanket assignments of military aid to all countries indiscriminately, I believe we shall have made a great improvement. That is what I hope to accomplish.

Mr. FULBRIGHT. In view of the statement of the Senator from Oregon with regard to the attitude on further cuts or changes in the bill, I would be disposed to accept the amendment with that understanding.

Mr. MORSE. I do not wish to be misunderstood. I am not going to offer any more proposals for any more cuts in reference to Latin America.

Mr. FULBRIGHT. That is what I understand.

Mr. MORSE. The Senator from Minnesota knows my position. I am going to do my best to save another \$20 million. Three days ago I said that was my objective. I have \$20 million to go. There are other places where we can save money.

I am not asking for the help of the chairman, because I know he has the responsibility of fighting for the bill, and I admire him for it. The Senator from Minnesota knows where I believe other savings can be made. I am not asking the Senator from Minnesota to help. I do not expect to offer any more proposals for cuts in regard to Latin America, but I do not wish to get myself into a poor trading position. Like David Harum, I am too good a horse trader to be left with only one vote—and then be voted down.

Mr. HUMPHREY. The Senator from Oregon has never been outraded. I bought some cattle from him once. Many Senators already know of his ability not only as a great legislator and an outstanding Senator but also as one of the truly great David Harums of all time.

Mr. MORSE. Since the Senator from Minnesota bought the cattle, I have been

looking in the mail each morning for a "conscience money" check from him, because that is what he owes me.

Mr. HUMPHREY. The Senator from Oregon should write to himself.

The PRESIDING OFFICER. If the Senator from Alaska has new language for his amendment, that he wishes to offer, will he please send it to the desk so that the clerk may report it?

Mr. GRUENING. Mr. President, I suggest the absence of a quorum, so that we can draft appropriate language.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I modify my amendment as follows: On line 9, after the words "United States", add:

Or to safeguard the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. In line 9, after "United States", it is proposed to add:

Or to safeguard the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

Mr. FULBRIGHT. I also understood that the word "and", in line 5, just preceding the "(2)", would be changed to "or".

Mr. GRUENING. Yes.

Mr. FULBRIGHT. The Senator will change that in his amendment?

Mr. GRUENING. Yes; that is agreeable.

Mr. FULBRIGHT. The amendment, as modified, I am perfectly willing to accept.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. GRUENING. I am glad to yield.

Mr. CARLSON. As the chairman of the Senate Foreign Relations Committee and those of us who are members of the committee know, we spent hours discussing this very difficult problem of the military assistance program in Latin America and for other countries. I commend the Senator from Alaska for trying to devise a program, which I believe will be most helpful.

I appreciate very much the fact that our distinguished chairman has agreed to accept the amendment. In the future it will have a very beneficial effect on military expenditures and our military operations in Latin America. We do not wish to do anything that will not assist an established government to preserve itself in a sound and a safe position, because it is to our interest to keep this type of government in Latin America. I appreciate the efforts that have been made by the Senator from Alaska, and I commend him.

Mr. GRUENING. I thank the Senator from Kansas. I also greatly appreciate the cooperation and assistance of the distinguished chairman of the committee. If this provision is administered in accordance with the expressed will of the Congress, as indicated by this conversation, it will be helpful. We do not in any way desire to risk the security of any nation in this hemisphere, or our own, but we believe experience has shown that the blanket giving of military assistance to all countries, regardless of the necessity, was an error and has proved disastrous in a number of cases. With judicious application of this language, which really places the responsibility upon the President and his military advisers, we will accomplish a great step forward in promoting peace and obviating to a very large extent the military overthrows of constitutional governments, such as we have seen in Ecuador, in Peru, in Guatemala, and more recently in the Dominican Republic and in Honduras.

I believe this will have a very salutary effect in relation to the overthrow of governments, as in the case of Honduras, which took place a week before an election, and in the case of the Dominican Republic, which had had a truly democratic election.

I am glad to have this amendment accepted.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing military aid to Latin America, cumulative, from fiscal years 1946 to 1963, and the programed aid for fiscal year 1963.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Military aid to Latin America
[In millions of dollars]

Country	Cumulative, fiscal years 1946-63	Fiscal year 1963	Total, by countries
Argentina.....	48.7	2.7	51.4
Bolivia.....	5.6	1.6	7.2
Brazil.....	234.9	16.9	251.8
Chile.....	77.2	10.2	87.4
Colombia.....	58.4	8.4	66.8
Costa Rica.....	1.7	.7	2.4
Cuba.....	11.0	-----	11.0
Dominican Republic.....	9.1	2.1	11.2
Ecuador.....	32.8	2.8	35.6
El Salvador.....	1.6	.6	2.2
Guatemala.....	7.0	2.0	9.0
Haiti.....	5.4	.4	5.8
Honduras.....	4.1	1.1	5.2
Mexico.....	7.2	1.2	8.4
Nicaragua.....	5.5	1.5	7.0
Panama.....	1.8	.8	2.6
Paraguay.....	1.9	.9	2.8
Peru.....	95.7	6.7	102.4
Uruguay.....	30.5	2.5	33.0
Venezuela.....	68.4	10.4	78.8
Regional.....	7.2	1.2	8.4
Total.....	715.7	74.7	790.4

The PRESIDING OFFICER. The question is on agreeing to amendment No. 235, as modified, proposed by the Senator from Alaska [Mr. GRUENING] for himself and other Senators, to insert certain words on page 41, after line 8, in the committee amendment in the nature of a substitute, as amended.

The modified amendment to the amendment, was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was adopted be reconsidered.

Mr. PASTORE and Mr. CARLSON moved to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PROXMIER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXPERT ANALYSIS OF U.S. BALANCE-OF-PAYMENTS PROBLEM

Mr. PROXMIER. Mr. President, this morning the Joint Economic Committee continued hearing testimony on this country's critical balance-of-payments situation. Three of the outstanding experts in the world on the subject of balance of payments appeared before the committee. All three of the papers that were submitted were noteworthy. Two of those papers were concise and brief. One paper was presented by Prof. Milton Friedman of the University of Chicago, and the other paper was by Dr. Henry C. Wallich, also an extraordinarily able economist formerly a leading economic adviser in the Eisenhower administration.

These two papers tend to counterbalance each other. Mr. Friedman spoke very eloquently of the desirability of what he calls a floating exchange system, or a flexible rate system, instead of having the present fixed dollar price pegged to the price of gold of \$35 an ounce; Professor Friedman pointed to the many advantages in this kind of system. It would mean that we would not have to rely, as we do now, on loans and sufferance of other countries, and we would not have to tie our own domestic economy to what happens in other countries, and in that way we would not have to restrain our use of our two great national economic weapons: fiscal policy and monetary policy, because of concern over what might happen to our international balance of payments.

In his view, the great advantage of this system would be that it would leave the determination of the value of the dollar to free economic forces. He said that this has been the historic way in which we have done it throughout much of our history up until about 1934.

Professor Friedman said that this would solve our balance-of-payments difficulties, and that we would not have our Federal domestic economic policy paralyzed by fear of international consequences.

Dr. Wallich took the contrary position. He did not agree that flexible rates represent a practical alternative. He conceded that there was a great measure of acceptance of flexible rates in the academic field. It seemed to me that Dr. Wallich was unable to come forward with any clear alternative. He had to agree that we were in great difficulty, and that any alternative system of adjusting to our balance of payments would be diffi-

cult to find and would require a long period of time.

Dr. Wallich answered point by point the excellent paper by Professor Friedman.

I believe that these papers would be of interest to all Senators who are concerned with our balance-of-payments problems. For that reason I ask unanimous consent that both papers be printed in the RECORD at this point in my remarks.

There being no objection, the papers were ordered to be printed in the RECORD, as follows:

STATEMENT BEFORE JOINT ECONOMIC COMMITTEE, NOVEMBER 14, 1963, HEARINGS ON BALANCE OF PAYMENTS, BY MILTON FRIEDMAN, UNIVERSITY OF CHICAGO

Discussions of U.S. policy with respect to international payments tend to be dominated by our immediate balance-of-payments difficulties. I should like today to approach the question from a different, and I hope more constructive, direction. Let us begin by asking ourselves not merely how we can get out of our present difficulties but instead how we can fashion our international payments system so that it will best serve our needs for the long pull, how we can solve not merely this balance-of-payments problem but the balance-of-payments problem.

A shocking, and indeed, disgraceful feature of the present situation is the extent to which our frantic search for expedients to stave off balance-of-payments pressures has led us, on the one hand, to sacrifice major national objectives; and, on the other, to give enormous power to officials of foreign governments to affect what should be purely domestic matters. Foreign payments amount to only some 5 percent of our total national income. Yet they have become a major factor in nearly every national policy.

I believe that a system of floating exchange rates would solve the balance-of-payments problem for the United States far more effectively than our present arrangements. Such a system would use the flexibility and efficiency of the free market to harmonize our small foreign trade sector with both the rest of our massive economy and the rest of the world; it would reduce problems of foreign payments to their proper dimensions and remove them as a major consideration in governmental policy about domestic matters and as a major preoccupation in international political negotiations; it would foster our national objectives rather than be an obstacle to their attainment.

To indicate the basis for this conclusion, let us consider the national objective with which our payments system is most directly connected: The promotion of a healthy and balanced growth of world trade, carried on, so far as possible, by private individuals and private enterprises with minimum intervention by governments. This has been a major objective of our whole postwar international economic policy, most recently expressed in the Trade Expansion Act of 1962. Success would knit the free world more closely together, and, by fostering the international division of labor, raise standards of living throughout the world, including the United States.

Suppose that we succeed in negotiating far-reaching reciprocal reductions in tariffs and other trade barriers with the Common Market and other countries.¹ Such reductions will expand trade in general but clearly will have different effects on different indus-

¹ To simplify exposition I shall hereafter refer only to tariffs, letting these stand for the whole range of barriers to trade, including even the so-called "voluntary" limitation of exports.

tries. The demand for the products of some will expand, for others contract. This is a phenomenon we are familiar with from our internal development. The capacity of our free enterprise system to adapt quickly and efficiently to such shifts, whether produced by changes in technology or tastes, has been a major source of our economic growth. The only additional element introduced by international trade is the fact that different currencies are involved, and this is where the payment mechanism comes in; its function is to keep this fact from being an additional source of disturbance.

An all around lowering of tariffs would tend to increase both our expenditures and our receipts in foreign currencies. There is no way of knowing in advance which increase would tend to be the greater and hence no way of knowing whether the initial effect would be toward a surplus or deficit in our balance-of-payments. What is clear is that we cannot hope to succeed in the objective of expanding world trade unless we can readily adjust to either outcome.²

Suppose then that the initial effect is to increase our expenditures on imports more than our receipts from exports. How could we adjust to this outcome?

One method of adjustment is to draw on reserves or borrow from abroad to finance the excess increase in imports. The obvious objection to this method is that it is only a temporary device, and hence can be relied on only when the disturbance is temporary. But that is not the major objection. Even if we had very large reserves or could borrow large amounts from abroad, so that we could continue this expedient for many years, it is a most undesirable one. We can see why if we look at physical rather than financial magnitudes.

The physical counterpart to the financial deficit is a reduction of employment in industries competing with imports that is larger than the concurrent expansion of employment in export industries. So long as the financial deficit continues, the assumed tariff reductions create employment problems. But it is no part of the aim of tariff reductions to create unemployment at home or to promote employment abroad. The aim is a balanced expansion of trade, with exports rising along with imports and thereby providing employment opportunities to offset any reduction in employment resulting from increased imports.

Hence, simply drawing on reserves or borrowing abroad is a most unsatisfactory method of adjustment.

Another method of adjustment is to lower U.S. prices relative to foreign prices, since this would stimulate exports and discour-

² Many people concerned with our payments deficits hope that since we are operating further from full capacity than Europe, we could supply a substantial increase in exports whereas they could not. Implicitly, this assumes that European countries are prepared to see their surplus turned into a deficit, thereby contributing to the reduction of the deficits we have recently been experiencing in our balance-of-payments. Perhaps this would be the initial effect of tariff changes. But if the achievement of such a result is to be sine qua non of tariff agreement, we cannot hope for any significant reduction in barriers. We could be confident that exports would expand more than imports only if the tariff changes were one-sided indeed, with our trading partners making much greater reductions in tariffs than we make. Our major means of inducing other countries to reduce tariffs is to offer corresponding reductions in our tariff. More generally, there is little hope of continued and sizable liberalization of trade if liberalization is to be viewed simply as a device for correcting balance-of-payments difficulties. That way lies only backing and filling.

age imports. If foreign countries are accommodating enough to engage in inflation, such a change in relative prices might require merely that the United States keep prices stable or even, that it simply keep them from rising as fast as foreign prices. But there is no necessity for foreign countries to be so accommodating, and we could hardly count on their being so accommodating. The use of this technique therefore involves a willingness to produce a decline in U.S. prices by tight monetary policy or tight fiscal policy or both. Given time, this method of adjustment would work. But in the interim, it would exact a heavy toll. It would be difficult or impossible to force down prices appreciably without producing a recession and considerable unemployment. To eliminate in the long run the unemployment resulting from the tariff changes, we should in the short run be creating cyclical unemployment. The cure might for a time be far worse than the disease.

This second method is therefore also most unsatisfactory. Yet these two methods—drawing on reserves and forcing down prices—are the only two methods available under our present international payment arrangements, which involve fixed exchange rates between the U.S. dollar and other currencies. Little wonder that we have so far made such disappointing progress toward the reduction of trade barriers, that our practice has differed so much from our preaching.

There is one other way and only one other way to adjust and that is by allowing (or forcing) the price of the U.S. dollar to fall in terms of other currencies. To a foreigner, U.S. goods can become cheaper in either of two ways—either because their prices in the United States fall in terms of dollars or because the foreigner has to give up fewer units of his own currency to acquire a dollar, which is to say, the price of the dollar falls. For example, suppose a particular U.S. car sells for \$2,800 when a dollar costs 7 shillings, tuppence in British money (i.e., roughly £1 equals \$2.80). The price of the car is then £1,000 in British money. It is all the same to an Englishman—or even a Scotchman—whether the price of the car falls to \$2,500 while the price of a dollar remains 7 shillings, tuppence, or, alternatively, the price of the car remains \$2,800, while the price of a dollar falls to 6 shillings, 5 pence (i.e., roughly £1 equals \$3.11). In either case, the car costs the Englishman £900 rather than £1,000, which is what matters to him. Similarly, foreign goods can become more expensive to an American in either of two ways—either because the price in terms of foreign currency rises or because he has to give up more dollars to acquire a given amount of foreign currency.

Changes in exchange rates can therefore alter the relative price of U.S. and foreign goods in precisely the same way as can changes in internal prices in the United States and in foreign countries. And they can do so without requiring anything like the same internal adjustments. If the initial effect of the tariff reductions would be to create a deficit at the former exchange rate (or enlarge an existing deficit or reduce an existing surplus) and thereby increase unemployment, this effect can be entirely avoided by a change in exchange rates which will produce a balanced expansion in imports and exports without interfering with domestic employment, domestic prices, or domestic monetary and fiscal policy. The pig can be roasted without burning down the barn.

The situation is of course entirely symmetrical if the tariff changes should initially happen to expand our exports more than our imports. Under present circumstances, we would welcome such a result, and conceivably, if the matching deficit were experienced by countries currently running a surplus, they might permit it to occur without seeking to offset it. In that case, they and we

would be using the first method of adjustment—changes in reserves or borrowing. But again, if we had started off from an even keel, this would be an undesirable method of adjustment. On our side, we should be sending out useful goods and receiving only foreign currencies in return. On the side of our partners, they would be using up reserves and tolerating the creation of unemployment.

The second method of adjusting to a surplus is to permit or force domestic prices to rise—which is of course what we did in part in the early postwar years when we were running large surpluses. Again, we should be forcing maladjustments on the whole economy to solve a problem arising from a small part of it—the 5 percent accounted for by foreign trade.

Again, these two methods are the only ones available under our present international payments arrangements, and neither is satisfactory.

The final method is to permit or force exchange rates to change—in this case, a rise in the price of the dollar in terms of foreign currencies. This solution is again specifically adapted to the specific problem of the balance of payments.

Changes in exchange rates can be produced in either of two general ways. One way is by a change in an official exchange rate; an official devaluation or appreciation from one fixed level which the government is committed to support to another fixed level. This is the method used by Britain in its postwar devaluation and by Germany in 1961 when the mark was appreciated. This is also the main method contemplated by the IMF which permits member nations to change their exchange rates by 10 percent without consultation and by a larger amount after consultation and approval by the Fund. But this method has serious disadvantages. It makes a change in rates a matter of major moment, and hence there is a tendency to postpone any change as long as possible. Difficulties cumulate and a larger change is finally needed than would have been required if it could have been made promptly. By the time the change is made, everyone is aware that a change is pending and is certain about the direction of change. The result is to encourage a flight from a currency, if it is going to be devalued, or to a currency, if it is going to be appreciated.

There is in any event little basis for determining precisely what the new rate should be. Speculative movements increase the difficulty of judging what the new rate should be, and introduce a systematic bias, making the change needed appear larger than it actually is. The result, particularly when devaluation occurs, is generally to lead officials to "play safe" by making an even larger change than the large change needed. The country is then left after the devaluation with a maladjustment precisely the opposite of that with which it started, and is thereby encouraged to follow policies it cannot sustain in the long run.

Even if all these difficulties could be avoided, this method of changing from one fixed rate to another has the disadvantage that it is necessarily discontinuous. Even if the new exchange rates are precisely correct when first established, they will not long remain correct.

A second and much better way in which changes in exchange rates can be produced is by permitting exchange rates to float, by allowing them to be determined from day to day in the market. This is the method which the United States used from 1862 to 1879, and again, in effect, from 1917 or so to about 1925, and again from 1933 to 1934. It is the method which Britain used from 1918 to 1925 and again from 1931 to 1939, and which Canada used for most of the interwar period and again from 1950 to May 1962. Under this method, exchange rates

adjust themselves continuously, and market forces determine the magnitude of each change. There is no need for any official to decide by how much the rate should rise or fall. This is the method of the free market, the method that we adopt unquestioningly in a private enterprise economy for the bulk of goods and services. It is no less available for the price of one money in terms of another.

With a floating exchange rate, it is possible for governments to intervene and try to affect the rate by buying or selling, as the British exchange equalization fund did rather successfully in the 1930's, or by combining buying and selling with public announcements of intentions, as Canada did so disastrously in early 1962. On the whole, it seems to me undesirable to have government intervene, because there is a strong tendency for government agencies to try to peg the rate rather than to stabilize it, because they have no special advantage over private speculators in stabilizing it, because they can make far bigger mistakes than private speculators risking their own money, and because there is a tendency for them to cover up their mistakes by changing the rules—as the Canadian case so strikingly illustrates—rather than by reversing course. But this is an issue on which there is much difference of opinion among economists who are agreed in favoring floating rates. Clearly, it is possible to have a successful floating rate along with governmental speculation.

The great objective of tearing down trade barriers, of promoting a worldwide expansion of trade, of giving citizens of all countries, and especially the underdeveloped countries, every opportunity to sell their products in open markets under equal terms and thereby every incentive to use their resources efficiently, of giving countries an alternative through free world trade to autarchy and central planning—this great objective can, I believe, be achieved best under a regime of floating rates. All countries, and not just the United States, can proceed to liberalize boldly and confidently only if they can have reasonable assurance that the resulting trade expansion will be balanced and will not interfere with major domestic objectives. Floating exchange rates, and so far as I can see, only floating exchange rates, provide this assurance. They do so because they are an automatic mechanism for protecting the domestic economy from the possibility that liberalization will produce a serious imbalance in international payments.

Despite their advantages, floating exchange rates have a bad press. Why is this so?

One reason is because a consequence of our present system that I have been citing as a serious disadvantage is often regarded as an advantage; namely, the extent to which the small foreign trade sector dominates national policy. Those who regard this as an advantage refer to it as the discipline of the gold standard. I would have much sympathy for this view if we had a real gold standard, so the discipline was imposed by impersonal forces which in turn reflected the realities of resources, tastes, and technology. But in fact we have today only a pseudo gold standard and the so-called discipline is imposed by governmental officials of other countries who are determining their own internal monetary policies and are either being forced to dance to our tune or calling the tune for us, depending primarily on accidental political developments. This is a discipline we can well do without.

A possibly more important reason why floating exchange rates have a bad press, I believe, is a mistaken interpretation of experience with floating rates, arising out of a statistical fallacy that can be seen easily in a standard example. Arizona is clearly the worst place in the United States for a person with tuberculosis to go because the

death rate from tuberculosis is higher in Arizona than in any other State. The fallacy in this case is obvious. It is less obvious in connection with exchange rates. Countries that have gotten into severe financial difficulties, for whatever reason, have had ultimately to change their exchange rates or let them change. No amount of exchange control and other restrictions on trade have enabled them to peg an exchange rate that was far out of line with economic realities. In consequence, floating rates have frequently been associated with financial and economic instability. It is easy to conclude, as many have, that floating exchange rates produce such instability.

This misreading of experience is reinforced by the general prejudice against speculation, which has led to the frequent assertion, typically on the basis of no evidence whatsoever, that speculation in exchange can be expected to be destabilizing and thereby to increase the instability in rates. Few who make this assertion even recognize that it is equivalent to asserting that speculators generally lose money.

Floating exchange rates need not be unstable exchange rates any more than the prices of automobiles, or of government bonds, of coffee, or of meals need gyrate wildly just because they are free to change from day to day. The Canadian exchange rate was free to change during more than a decade, yet it varied within narrow limits. The ultimate objective is a world in which exchange rates, while free to vary, are in fact highly stable because basic economic policies and conditions are stable. Instability of exchange rates is a symptom of instability in the underlying economic structure. Elimination of this symptom by administrative pegging of exchange rates cures none of the underlying difficulties and only makes adjustment to them more painful.

The confusion between stable exchange rates and pegged exchange rates helps to explain the frequent comment that floating exchange rates would introduce an additional element of uncertainty into foreign trade and thereby discourage its expansion. They introduce no additional element of uncertainty. If a floating rate would, for example, decline, then a pegged rate would be subject to pressure that the authorities would have to meet by internal deflation or exchange control in some form. The uncertainty about the rate would simply be replaced by uncertainty about internal prices or about the availability of exchange; and the latter uncertainties, being subject to administrative rather than market control, are likely to be the more erratic and unpredictable. Moreover, the trader can far more readily and cheaply protect himself against the danger of changes in exchange rates, through hedging operations in a forward market, than he can against the danger of changes in internal prices or exchange availability. Floating rates are therefore far more favorable to private international trade than pegged rates.

Though I have discussed the problem of international payments in the context of trade liberalization, the discussion is directly applicable to the more general problem of adapting to any forces that make for balance-of-payments difficulties. Consider our present problem, of a deficit in the balance of trade plus long-term capital movements. How can we adjust to it? By one of the three methods outlined: First, drawing on reserves or borrowing; second, keeping U.S. prices from rising as rapidly as foreign prices or forcing them down; third, permitting or forcing exchange rates to alter. And, this time, by one more method: By imposing additional trade barriers or their equivalent, whether in the form of higher tariffs, or smaller import quotas, or extracting from other countries tighter voluntary quotas on their export, or tying foreign aid, or buying

higher priced domestic goods or services to meet military needs, or imposing taxes on foreign borrowing, or imposing direct controls on investments by U.S. citizens abroad, or any one of the host of other devices for interfering with the private business of private individuals that have become so familiar to us since Hjalmar Schacht perfected the modern techniques of exchange control in 1934 to strengthen the Nazis for war and to despoil a large class of his fellow citizens.

Fortunately or unfortunately, even Congress cannot repeal the laws of arithmetic. Books must balance. We must use one of these four methods. Because we have been unwilling to select the only one that is currently fully consistent with both economic and political needs—namely, floating exchange rates—we have been driven, as if by an invisible hand, to employ all the others—and even then may not escape the need for explicit changes in exchange rates.

We affirm in loud and clear voices that we will not and must not erect trade barriers—yet is there any doubt about how far we have gone down the fourth route? After the host of measures already taken, the Secretary of the Treasury has openly stated to the Senate Finance Committee that if the so-called interest equalization tax—itsself a concealed exchange control and concealed devaluation—is not passed, we shall have to resort to direct controls over foreign investment.

We affirm that we cannot drain our reserves further, yet short term liabilities mount and our gold stock continues to decline.

We affirm that we cannot let balance-of-payments problems interfere with domestic prosperity, yet for at least some 4 years now we have followed a less expansive monetary policy than would have been healthy for our economy.

Even all together, these measures may only serve to postpone but not prevent open devaluation—if the experience of other countries is any guide. Whether they do, depends not on us but on others. For our best hope of escaping our present difficulties is that foreign countries will inflate.

In the meantime, we adopt one expedient after another, borrowing here, making swap arrangements there, changing the form of loans to make the "figures" look good. Entirely aside from the ineffectiveness of most of these measures, they are politically degrading and demeaning. We are a great and wealthy nation. We should be directing our own course, setting an example to the world, living up to our destiny. Instead, we send our officials hat in hand to make the rounds of foreign governments and central banks; we put foreign central banks in a position to determine whether or not we can meet our obligations and thus enable them to exert great influence on our policies; we are driven to niggling negotiations with Hong Kong and with Japan and for all I know Monaco to get them to limit "voluntarily" their exports. Is this a posture suitable for the leader of the free world?

It is not the least of the virtues of floating exchange rates that we would again become masters in our own house. We could decide important issues on the proper ground. The military could concentrate on military effectiveness and not on saving foreign exchange; recipients of foreign aid could concentrate on how to get the most out of what we give them and not on how to spend it all in the United States; Congress could decide how much to spend on foreign aid on the basis of what we get for our money and what else we could use it for and not how it will affect the gold stock; the monetary authorities could concentrate on domestic prices and employment, not on how to induce foreigners to hold dollar balances in this country; the Treasury and the tax committees of Congress could devote their attention to the equity of the tax system and its effects on our efficiency, rather than on how to use tax gimmicks to discourage imports, subsidize

exports, and discriminate against outflows of capital.

A system of floating exchange rates would render the problem of making outflows equal inflows unto the market where it belongs and not leave it to the clumsy and heavy hand of government. It would leave government free to concentrate on its proper functions.

In conclusion, a word about gold. Our commitment to buy and sell gold for monetary use at a fixed price of \$35 an ounce is in practice the mechanism whereby we maintain fixed rates of exchange between the dollar and other currencies; or, more precisely, whereby we leave all initiative for changes in such rates to other countries. This commitment should be terminated, as the corresponding commitment for silver already has been. The price of gold, like the price of silver, should be determined in the free market, with the U.S. Government committed neither to buying gold nor to selling gold at any fixed price. This is the appropriate counterpart of a policy of floating exchange rates. With respect to our existing stock of gold, we could simply keep it fixed, neither adding to it nor reducing it; alternatively, we could sell it off gradually at the market price or add to it gradually thereby reducing or increasing our governmental stockpiles of this particular metal. Personally, I favor selling it off (which would involve removing the present gold reserve requirement for Federal Reserve liabilities) and simultaneously removing all present limitations on the ownership of gold and the trading in gold by American citizens. There is no reason why gold, like other commodities, should not be freely traded on a free market.

TESTIMONY OF HENRY C. WALLICH ON "EXCHANGE RATES: HOW FLEXIBLE SHOULD THEY BE," BEFORE THE JOINT ECONOMIC COMMITTEE NOVEMBER 14, 1963

Flexible rates have achieved a high measure of acceptance in academic circles, but very little among public officials. This raises the question whether we have here a parallel to the famous case of free trade: Almost all economists favor it in principle, but no major country ever has adopted it. Does the logic of economics point equally irrefutable to flexible rates, while the logic of politics points in another direction?

The nature of the case, I believe, is fundamentally different. Most countries do practice free trade within their borders, although they reject it outside. But economists do not propose flexible rates for the States of the Union, among which men, money, and goods can move freely, and which are governed by uniform monetary, fiscal, and other policies. Flexible rates are to apply only to relations among countries that do not permit free factor movements across their borders and that follow, or may follow, substantially different monetary and fiscal policies. It is the imperfections of the world that seem to suggest that flexible rates, which would be harmful if applied to different parts of a single country, would do more good than harm internationally.

The proponents argue, in effect, that flexible rates can help a country get out of almost any of the typical difficulties of economics. If the United States has a balance-of-payments deficit, a flexible exchange rate can allow the dollar to decline until receipts have risen and payments fallen enough to restore balance. If the United States has unemployment, flexible rates can protect it against the balance-of-payments consequences of a policy of expansion. If the United States has suffered inflation and fears that it will be undersold internationally, flexible rates can remove the danger.

Other countries have analogous advantages. If Chile experiences a decline in copper prices, flexible rates can ease the inevitable adjustment. If Germany finds that other countries have inflated while German prices have remained more nearly stable, flexible

rates could help to avoid importing inflation. If Canada has a large capital inflow, a flexible rate will remove the need for price and income increases to facilitate the transfer of real resources.

Why, in the face of these persuasive attractions, should one advise policymakers to stay away from flexible rates? Since the dollar problem is the concrete situation in which flexible rates are being urged today, it is in terms of the dollar that they must be discussed. In broadest terms, the reason why flexible rates are inadvisable is that their successful functioning would require more self-discipline and mutual forbearance than countries today are likely to muster because the limits of tolerance today are narrow and that a flexible dollar would invite retaliation almost immediately.

They are likely to be alive principally to the danger of being undersold by American producers in their own and third markets.

The Europeans could impose countervailing duties. They could minimize their commitment by imposing a simple form of exchange control that the Swiss practiced during the last war. They purchased dollars only from their exporters, thereby stabilizing the trade dollar, while allowing dollars from capital movements—finance dollars—to find their own level in the market.

The large volume of not very predictable short term capital movements in the world today makes such reactions under flexible rates particularly likely. A sudden outflow of funds from the United States, for instance, would tend to drive the dollar down. As a result, American exporters could undersell producers everywhere else in the world. It seems unlikely that foreign countries would allow a fortuitous short term capital movement to have such far-reaching consequences. It would not even be economically appropriate to allow a transitory fluctuation in the capital account of the balance of payments to have a major influence on the current account.

It can be argued that under flexible rates the effects of such a movement would be forestalled by stabilizing speculation on a future recovery of the dollar. This is possible. It is possible also, however, that speculation would seek a quick profit from the initial drop in the dollar, instead of a longer run—one from its eventual recovery. Then short run speculation would drive the dollar down further at first. In any case there is not enough assurance that speculators will not make mistakes to permit basing the world's monetary system upon the stabilizing effects of speculation.

In the case of countries which import much of what they consume, such as England, a decline in the local currency may even be self-validating. If the cost of living rises as the currency declines, wages will rise. Thereafter the currency may never recover to its original level.

This points up one probable consequence of flexible exchange rates: A worldwide acceleration of inflation. In some countries the indicated ratchet effect of wages will be at work. In the United States a rise in the cost of imports would not be very important. But the removal of balance-of-payments restraints may well lead to policies that could lead to price increases. The American inflation of the 1950's was never defeated until the payments deficit became serious. Elsewhere, the removal of balance-of-payments disciplines might have the same effect. Rapid inflation in turn would probably compel governments to intervene drastically in foreign trade and finance.

The prospect that flexible rates would greatly increase uncertainty for foreign traders and investors has been cited many times. It should be noted that this uncertainty extends also to domestic investment decisions that might be affected by changing import competition or changing export prospects. It has been argued that uncertain-

ties about future exchange rates can be removed by hedging in the futures market. This, however, involves a cost even where cover is readily available. The history of futures markets does not suggest that it will be possible to get cover for long-term positions. To hedge domestic investment decisions that might be affected by flexible rates is in the nature of things impracticable.

The picture that emerges of the international economy under flexible rates is one of increasing disintegration. Independent national policies and unpredictable changes in each country's competitive position will compel governments to shield their producers and markets. The argument that such shielding would also automatically be accomplished by movements in the affected country's exchange rate underestimates the impact of fluctuations upon particular industries, if not upon the entire economy. That international integration and flexible rates are incompatible seems to be the view also of the European Common Market countries, who have left little doubt that they want stable rates within the EEC.

If the disintegrating effects of flexible rates are to be overcome, a great deal of policy coordination, combined with self-discipline and mutual forbearance, would be required. The desired independence of national economic policy would in fact have to be foregone—interest rates, budgets, wage and price policies would have to be harmonized. If the world were ready for such cooperation, it would be capable also of making a fixed exchange rate system work. In that case, flexible rates would accomplish nothing that could not more cheaply and simply be done with fixed rates. It seems to follow that flexible rates have no unique capacity for good, whereas they possess great capacity to do damage.

A modified version of the flexible rates proposal has been suggested. This version would allow the dollar and other currencies to fluctuate within a given range, say 5 percent up and down. This "widening of the gold points" is believed to reduce the danger of destabilizing speculation. It might perhaps enlist speculation on the side of stabilization, for if the dollar, say, had dropped to its lower limit, and if the public had confidence that that limit would not be broken, the only movement on which to speculate would be a rise. The spectacle of a currency falling below par may induce, according to the proponents, a strong political effort to bring it back.

This proposal likewise strikes me as unworkable. For one thing, I doubt that people would have a great deal of confidence in a limit of 5 percent below par, if par itself has been given up. Political support for holding this second line would probably be less than the support that can be mustered to hold the first. For another, the execution of the plan would still require the maintenance of international reserves, to protect the upper and lower limit. But with fluctuating rates, dollar and sterling would cease to be desirable media for monetary reserves. International liquidity would become seriously impaired. A third objection is that under today's conditions, the complex negotiations and legislation required, in the unlikely event that the plan could be negotiated at all, could not go forward without immediate speculation against the dollar before the plan goes into effect.

It remains only to point out that, even in the absence of a high degree of international cooperativeness, a system of fixed exchange rates can be made to work. It can be made to work mainly because it imposes a discipline upon all participants, and because within this discipline there is nevertheless some room for adjustment. The principle sources of flexibility are productivity gains and the degree to which they are absorbed by wage increases. Wages can-

not be expected to decline. But their rise can be slowed in relation to the rate of productivity growth, in which case prices would become more competitive relative to other countries. With annual productivity gains of 2 to 3 percent in the United States and more abroad, it would not take many years to remove a temporary imbalance.

LOCAL TRANSPORT AIRLINES IN HAWAII

Mr. INOUE. Mr. President, the Local Transport Airlines in Hawaii have made tremendous progress over the last 5 years. Over that same period the total revenue ton-miles of traffic carried was increased from 80 million to 180 million, with the number of passengers carried just about doubled over the same period. In all other respects, the ability of the carriers to render good service to the public has been greatly improved.

I ask unanimous consent to have printed in the RECORD a recent speech by Hon. G. Joseph Minetti, member, Civil Aeronautics Board, before the Association of Local Transport Airlines, addressed in Honolulu, Hawaii, November 1, 1963. I think that this speech gives very valuable insights into the policies of the Civil Aeronautics Board as it affects hundreds of other airlines throughout the United States. The speech, in addition, touches many of the problems faced by these airlines and would be most useful to them in their future planning.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

LOCAL SERVICE IN RETROSPECT AND PROSPECT
(Address by the Honorable G. Joseph Minetti, member, Civil Aeronautics Board, before the Association of Local Transport Airlines, Honolulu, Hawaii, November 1, 1963)

I am delighted to be back with you in this hospitable city of Honolulu. Here, 5 years ago, I had the pleasure of addressing your association. The years that have elapsed since that meeting have seen outstanding progress in Honolulu. Hawaii is now a State. There have been many advances in our way of living. In the field of air transportation, dynamic strides have been made.

Today marks another important milestone in the air transportation annals of the State of Hawaii. A new thrift class of air service between California and Hawaii was inaugurated this morning. Gov. John A. Burns, in his correspondence with the Civil Aeronautics Board, sized up the impact of Pan American's \$100 new economy fare in these words: "Any reduction in the cost of transportation between our State and the mainland has important beneficial implications for Hawaii. The proposed \$100 fare would bring substantial numbers of economy-minded travelers into Hawaii's travel market. Equally important, it would encourage more frequent travel to the mainland by many island residents whose trips presently are limited to rare occasions because of financial considerations. . . . It would appear the proposed lower rate could generate substantial new business to the economic advantage of this State and would indeed encourage prospects for development of our travel industry."

I am certain all of you here today agree with Governor Burns, and share my hope for the success of this new venture in low fare air transportation.

But let us talk for a little bit about your success—the success which you have achieved in the 5 years since we last met here. The figures on your performance are quite impressive. For the 12 months ended June

30, 1958, you carried 4 million passengers. In the 12 months ended June 30, 1963, you carried over 8 million passengers. In the same 1958 period the total revenue ton-miles of traffic carried was 80 million. In the year ended June 30, 1963, they had grown to 180 million. The year ended June 30, 1958, saw you obtain \$55 million in commercial operating revenues. By June 30, 1963, that annual figure had almost tripled to nearly \$145 million. Moreover, these impressive improvements in performance were not unattended by increases in profits. On the contrary, in 1958 the local service industry reported a net income of only \$1.1 million. By June 30, 1963, your reported profits totaled nearly \$5 million.

One solid measure both of your success and of your improved ability to render good service to the public is the fact that in 1958 your total fleet consisted of 219 aircraft, of which only 23 could be characterized as modern. Today, you operate over 383 aircraft, of which more than 211 are the most modern, twin-engine types, providing service in the United States.

I think we are both entitled to be proud of this performance. I recognize the substantial effort and considerable management skill which has enabled you to reach this high operating level, and I think you, too, recognize the very healthy and active part which the Board, in both its route and rate programs, has played in assisting the industry in reaching these goals.

At the same time let us not lose sight of the great assistance and understanding given you by Members of the U.S. Congress, particularly those on the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee.

We at the Board are entitled to be proud of the healthy and effective cooperation which has in the past and will in the future continue to exist between the Board and ALTA. For example, in 1958 I made reference to a document containing some imaginative ideas, but representing a marked departure from past concepts in ratemaking. That document which had then been circulated for your comments and suggestions was the beginning of a project that 2 years later culminated in the first local service subsidy class rate. I think it is fair to say that without your cooperation and vision, it would have been difficult, if not impossible, to have made effective this significant contribution to the regulatory framework in which you operate. The record clearly indicates the advantages which have resulted from this great cooperative effort.

The local service industry did not have a single year, prior to 1961 and the adoption of the first class rate, in which the carriers as a group reported satisfactory earnings. Indeed, as a result of the open subsidy rates subject to retroactive adjustment for the major portion of the time, the carriers' financial statements, generally speaking, added up to losses, rather than profits. Such losses, however, were not real, because they were ultimately offset by retroactive subsidy awards. You know far better than I what a serious impact the lack of final subsidy rate determinations had on your standing in the financial community and your ability to finance on reasonable terms.

The revitalization of your credit standing and investor confidence in the local service industry since 1961 has been as heartening to the Board as to you. The satisfactory results under the class rate have been all the more encouraging to the board, because we were not unaware of the fact that the embarkation on a radically revised approach to the local service subsidy rate determination—the class rate—was not without considerable risk.

In the first 2 calendar years under the class rate, 1961 and 1962, the local carriers as a group reported a rate of return on investment in excess of 11 percent. While

aggregate earnings in the first half of 1963 have declined in both absolute and relative terms, we note that the rate of return on investment for the 13 local carriers in the 12 months ended June 30, 1963, approximated 10 percent.

There are several other healthy signs of financial improvement. Through the reinvestment of the bulk of earnings of recent years and a number of individual security issues, the equity base of the local carriers has grown substantially. By June 1963, the common equity of the carriers reached 35 percent of total capital with an encouraging, though modest, decline in the ratio of debt to total capitalization from roughly 75 percent to something below 65 percent.

Another encouraging factor and one that bodes well for the industry's ability to finance future capital requirements on reasonable terms is the relationship between the market value of your common stock and the book value of each carrier's stock. Data for a recent period this summer indicate that the common stock of 11 of the 12 local service carriers whose stock is traded publicly was selling above its book value and, in the majority of cases, the spread between market value and book value was quite substantial. In the sole instance in which a carrier was selling below book value, the difference was only a few cents.

I think all of you will agree that the Board's approach in 1960 in instructing the staff to work with industry representatives toward the development of the best class rate that could be jointly devised was an eminently sound one.

Of course, we are not entirely satisfied with some of the quirks and disparities in the presently effective class rate. I know that there is a wide range of opinion among the 13 local service carriers as to both the good features and the apparent inequities in this rate structure. Nevertheless, I do not know of a single carrier or anyone on the Board's staff, nor anyone in the financial community, who is of the opinion that the abandonment of the class-rate principle and a reversion to the individual subsidy rate concept would be either in the public interest or in your private interest.

I would certainly like to express a note of optimism that the cooperative efforts and the intelligence of the carrier representatives and the Board staff should unquestionably assist the Board in formulating a far sounder class-rate structure than either of the first two. And one, I am sure, which could be implemented within a relatively short time.

What I have said so far is strictly on the bright side. There are, of course, some disappointing trends. Subsidy payments more than doubled, from \$33 million, in the annual period ending June 30, 1958, to \$69 million in the 1963 period. On the other hand, we recognize that each dollar of subsidy bought more service in 1963 than it did in 1958. The really troublesome aspect from your standpoint, as well as the Board's, is the decline in load factor from approximately 46 percent to about 42.6 percent. It seems to me that the heart of any program for the reduction of subsidy requirements of the air carriers would be inevitably linked with load factor improvements.

The break-even load factor for the local service industry, which is now so far advanced in the DC-3 replacement program, has reached the approximate level of 60 percent before return on investment. Roughly 65 percent would be the break-even point including fair return on investment. The spread between your 43-percent recent load factor and the 65-percent break-even, including return element, is a simple way to explain the industry's need for subsidy in the magnitude approximating one-third of total operating revenues.

For years, your association has been actively interested in the development of programs for subsidy reduction. Obviously,

your objective was not to reduce subsidy payments to a level which would jeopardize your ability to perform the service required by the public convenience and necessity in an economic and efficient manner. Rather, your various pronouncements over the years have been pointed toward types of actions which were intended, in your opinion, to produce a significant decrease in subsidy without jeopardizing adequate service.

I think it is completely accurate to state that the Board's objective has been to move in a similar direction.

Let us reflect for a moment on the progress already made, particularly in providing operating flexibility in the typical local service carrier certificates. Fifteen years ago, typical local service flights stopped at each intermediate point on a given route and the chief flexibility in a carrier's operations was the authority to turn around short of a terminal point on a particular route segment. I believe that a sound program in the direction of curtailing restrictions can further improve the economy of your operations and the service performed for the public. At the same time, we should not lose sight of the tremendous progress already made. In those instances in which sound, healthy subsidy improvements can be attained by route improvements, you have a real selling job to do. It is up to you to develop an adequate record in appropriate proceedings and to convince the board that the specific route improvements you seek, which all too frequently have their highly controversial or competitive aspects, are in the public interest.

By now, I am sure, you are familiar with the Board's report to the President on the airline subsidy reduction program. I am not certain whether this report has produced more understanding or misunderstanding in the months since its release.

Accordingly, at the outset, I would like to comment very briefly about this delicate subject and make the position of the Board very clear. In a letter to Senators MAGNUSON and MONROE, the Board, through our Chairman, stated, "I wish to assure you again that in line with our customary practice we intend to keep abreast of the subsidy needs of all carriers at all times so that if it should appear that these estimates are out of line with the carriers' requirements, we shall revise them at the appropriate time and if necessary, request a supplemental appropriation."

I believe this statement, more than anything else, should set at ease the minds of the local service industry. The Board is not about to subsidize local carriers out of business. Where there is an absolute need for subsidy, it will be paid.

On the procedural side, may I assure you that it was very expressly and specifically contemplated by the Board, in its discussions, that the report would not be considered more than a tentative program until the industry had an opportunity to analyze it, submit comments on it, and discuss it with the Board and its staff. This, of course, is aside from the tentative nature of the report pending the Board's receipt of comments from the executive branch, as well as any expressions or congressional action which may be forthcoming.

This assurance that the board did not intend to finalize its thinking before it heard from you also encompassed the somewhat related problem of the development of a new class rate, which we hope will be made effective at the earliest possible date in 1964.

I am sure it is no breach of the confidential nature of internal Board discussions to reveal that not a single Board member expressed a view different than that the local carriers would not, could not, and must not be prejudiced in the negotiation of a new class rate by virtue of the Board's decision not to consult the local industry prior to submission of the subsidy reduction report to

the President. I believe Chairman Boyd reaffirmed this at the meeting with the carriers on October 3, and, similarly, in his testimony before the Senate Appropriations Committee on October 14. I agree wholeheartedly with his statements assuring you of an opportunity to be heard, in an effective sense, before any new programs will be finalized to your possible prejudice.

On the substantive side, it is essential to bear in mind that the report does not indicate a value judgment by the Board as to a maximum subsidy level which the country can afford or which the Board believes can be justified by the public convenience and necessity. Nor does it contemplate arbitrary annual subsidy levels that must be attained year by year regardless of factual developments bearing on the actual subsidy requirements of the local carriers, individually and collectively.

The report, to a considerable extent, is a forecast of what various programs and factual developments, such as traffic growth versus inflationary cost changes, will have on the need of the carriers in the next 5 years.

Let us not forget, that the subsidy standards set forth in section 406 of the Federal Aviation Act have not been amended, and the need of the air carriers continues to be the basic statutory criterion for subsidy determination.

The Board has no thought of imposing arbitrary ceilings on an annual basis to keep step with the forecast decline in subsidy need. Moreover, the Board must determine each year, in light of the latest relevant factual data and the status of the various programs which could have an impact on the carriers' subsidy requirements, what it would estimate to be the subsidy requirements of the industry for each future year. Certainly, if the rate of traffic growth exceeds the rate of forecast in the report, subsidy should decline at a more rapid rate, all other things being equal. But conversely, if for some reason, we reach periods of declining traffic growth, this must necessarily be reflected in our determination of subsidy requirements prospectively.

Your association has quite properly always expressed great interest in programs for strengthening the routes of local service carriers by various means. One important method involves transfers of points or segments from trunklines to local service carriers. This is an area where I believe that the initiative of the local service carriers can accomplish a great deal. I believe the first step must be the preparation by each carrier of comprehensive, economic, and service studies aimed at bringing out the public service benefits and economic impact from the standpoint of the communities, the trunklines, and the particular local carrier in the specific areas where you believe a route transfer has a realistic potential.

Potential subsidy savings must be determined on a realistic basis and a reduction in subsidy must be shown. Here, too, you must do a selling job. You must pave the way for maximum acceptability and minimum resistance by the communities. This you can do through proper explanation of the advantages that a local service carrier can bring to a particular community in the way of improved and adequate service. Your selling job with the trunklines might well address itself to questions of impact of particular programs on trunkline control of long-haul traffic, possible joint sales programs, assurances of convenient trunk-local connecting services, integration of reservation facilities, and even means of absorbing surplus trunk equipment.

In formal proceedings the support of the communities and trunklines is not essential in the determination of public convenience and necessity. However, it is only realistic to assume that the support of the interested

communities and competitive carriers can go a long way toward eliminating major obstacles in the path you wish to pursue.

In this connection, perhaps your association can be helpful in making available information of utility to the individual carriers as to the success of various transfers of points on route segments from trunklines to local service carriers. This is particularly true in terms of service improvements and greater traffic generation following such transfers.

The inclusion of the type of economic studies of route transfers along the lines I have discussed should be of great assistance in enabling the Board to determine the hearing priority to be given a particular proposal. Conceivably it could also determine the type of procedure to be used to process the application, such as, the advisability of employing the show cause technique. An extremely important factor, not only as to the ultimate merits of the Board's decision, but also in the determination of priority, would be the factual demonstration of the potential subsidy impact involved. Where there is a reasonable likelihood of a favorable subsidy impact under the previously announced Board policies for priorities in hearing cases, such applications would normally be accorded priority treatment.

It is premature to draw any conclusion as to the effect of a compact air transport as a successor to the DC-3 until there is some clarification in the near future as to where that program is headed. Nevertheless, this aspect of the problem might well be borne in mind by the carriers from the standpoint of looking for types of situations in which a route transfer would be enhanced in its attractiveness to the public, as well as to the industry.

Promotional fares, such as Pan-Am's thrift fare and your own "visit U.S.A." fare, have been occupying the increasing attention of the industry and the Board in recent years. I believe that continued careful attention of the local carriers in the search for economic promotional fares is even more essential for the locals than the trunklines. I call your attention to the following factors, equally applicable to both segments of the industry, which, I believe, emphasize the need for your diligent efforts to maximize traffic development through promotional fares:

(1) The sharp increase in the general fare level in the past 5 years.

(2) In view of the current industry load factor of less than 43 percent, it is possible for a major part of future revenue growth to flow directly to an improvement in your subsidy or net income position.

(3) The success of a number of local carriers with programs for the development of promotional fares.

(4) The anomaly of DC-3 fares which are invariably first-class fares under published tariffs but which, accordingly, sometimes are in marked contrast to lower fares for jet coach operations in the same areas.

I am still convinced, as I was back in 1958, that something can be accomplished in developing an equitable arrangement for commissions to be paid by the trunk and local carriers on the sale of interline tickets. I know many studies have been made of possibilities in this area. A preliminary staff study indicates that if the prorate system on joint tickets were modified to provide that the originating carrier—trunkline or local service—retain \$3 on each ticket and the remainder allocated on a mileage basis, it would increase the revenue of the local service airlines by approximately \$1.7 million annually.

I think the prospects of improving the local service share of interline tickets through a commission type of arrangement, or a modification of the present joint fare divisions, are sufficient to warrant further in-

vestigation by your association. I can assure you of the wholehearted cooperation of the Board's staff in pursuing this avenue. The objective should be to determine whether the local service share of joint tickets for interline sales is equitable.

Programs aimed at sound route strengthening of the local service industry and the promotion of efficient operations by the carriers can be expected to form the backbone of any long-range program of subsidy reduction geared to the subsidy requirements of the carriers. But in addition to route strengthening, the real key to subsidy improvement is tied to the load factor on existing flights as well as any newly authorized operations.

The waste inherent in a 43-percent load factor is a tragic one from the standpoint of management, the investor, and the taxpayer.

It is only through significant load factor improvement that the carriers and the public can share the benefits of the improved efficiency that goes with more economical aircraft.

As President Kennedy said in his transportation message of 1962, "The troubles in our transportation system are deep; and not just and comprehensive set of goals * * * can be quickly or easily reached. But few areas of public concern are more basic to our progress as a nation."

I hope that sound fare policies, route strengthening, hard work and constructive thought geared to load factor improvement will lead to a financially healthy local service industry, reasonable fares for the public, and sound subsidy reductions.

I said in 1958, and I repeat now, ALTA can be proud of its record of cooperation in the public interest. It has recognized that while we may disagree on method, our objective is a common one—the promotion of local air transportation in the public interest. We at the Board look forward to a continuance of our good relationship in working toward this objective.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DOUGLAS. Mr. President, I wish to discuss an issue raised on the floor of the Senate in the concluding minutes of the session last night. As Senators perhaps know, the foreign assistance act bill, as it was reported from the Committee on Foreign Relations, contains section 106 of the Agricultural Trade Development and Assistance Act, popularly known as Public Law 480, to broaden the definition of surplus agricultural commodities which may be sold abroad under that law to include—and this is the language of the committee:

Any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.

On the 28th and 31st of last month, in the course of the debate on the pending bill, I, in conjunction with certain other Senators, discussed the importance of the fact that this amendment includes within the definition of "surplus agricultural commodities" a product which is improperly called "fish flour"—and this is a semantic error—but which can more properly be described as high protein fish concentrate.

Last evening the distinguished Senator from Kansas [Mr. CARLSON], according to the CONGRESSIONAL RECORD on pages 21776 through 21778, proposed a previously unprinted and unannounced amendment specifically to exclude this product from the definition of agricultural products; and to this amendment was added a modification suggested by the Senator from Rhode Island [Mr. PASTORE]:

Until approved by the Food and Drug Administration.

I regret that despite the fact that I believe it was well known that I was deeply interested in this subject, and despite the fact that there had been two previous colloquies on this subject during the debate on the pending bill, I was not notified of the amendment. The amendment was accepted, without thorough discussion, in the course of a few minutes.

In my judgment, the inclusion of high protein fish concentrate—and that is what this product should be called—under Public Law 480 is vital to the American fishing industry on both the Atlantic and Pacific coasts, on the Great Lakes, and in the Gulf of Mexico.

The National Academy of Sciences has carefully studied this product, and last year declared it to be nutritious, safe, and wholesome.

Mr. President, it is unnecessary to qualify the National Academy of Sciences. It is the foremost scientific body in the Nation. It is the "House of Lords" of American science. It gave complete approval to this high protein fish concentrate for use domestically and otherwise.

THE QUALITIES OF HIGH PROTEIN FISH CONCENTRATE

As I demonstrated on the floor of the Senate on October 31, this concentrate contains up to 85 percent protein. It can be produced cheaply in mass production at a cost of probably not to exceed 14 cents a pound. It can be preserved almost indefinitely in any climate, without refrigeration or costly storage expense.

The addition of low-cost protein to the diet of the people of underdeveloped areas of the world is extremely important to our national policy of improving the health and vitality of protein-deficient societies.

One of the great difficulties of the tropics is that because of the great heat, meat will not keep, fish will not keep, and milk will not keep. Therefore, the diet of the people of those localities tends to be starchy in nature, deficient in proteins, and deficient in vitamins. Fish concentrate provides an inexpensive, practical way to provide proteins for those people, especially in tropical areas where their sources of protein decompose rapidly without costly refrigeration.

I am grateful to the Senator from Rhode Island [Mr. PASTORE] for adding to the proviso that the fish concentrate shall be barred, the further qualification until "it has been approved by the Food and Drug Administration."

Perhaps a little history on this point is in order. Despite the conclusion of the National Academy of Sciences, the Food and Drug Administrator, Mr. George P. Larrick, has refused to permit

the sale and distribution of fish concentrate for domestic use. He admits that it is wholesome, that it is safe, and that it is nutritious; but he says it raises un-aesthetic thoughts in the minds of people, since it is made from the whole fish.

The methods of producing fish concentrate involve not only the compression of the fish, but a thorough washing in many solutions of water and alcohol. The residue is then baked thoroughly, so that there are no bacteria and no germs. Finally, it is ground into a fine powder. The product is completely sterile and highly nutritious. It could revolutionize the diet of the world.

THE OBJECTIONS OF MR. LARRICK

Nevertheless, Mr. Larrick raises aesthetic objections. I had not known that the function of the Food and Drug Administrator was to pass on the aesthetics of the American people. I had thought the function of the Food and Drug Administrator was to protect the health of the American people. But Mr. Larrick has become an authority, so he says, on aesthetics, and has made a ruling on that basis.

Probably what is behind this opposition—and I think I can substantiate my charge—is the semantic use of the term which is employed—"fish flour." The term "fish flour" arouses the passions of the wheat interests, of the milling interests, and of the bakeries. They have conjured up spectacles of loaves of bread made of fish flour. I have brought along with me my can of fish flour. It looks like brown flour, but it is a protein concentrate; whereas bread is primarily starch, and indeed, under modern methods of milling, is almost exclusively starch. So the great wheat belt, the milling group, and the bread distributors have risen to arms. I think they are powerful influences upon Mr. Larrick.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield to my genial friend from Vermont.

Mr. AIKEN. I have been intrigued by the reference of the Senator from Illinois to the aesthetic something—

Mr. DOUGLAS. No; those are Mr. Larrick's words; they are not mine.

Mr. AIKEN. Very well. We all know that corn-fed steers and corn-fed hogs produce the choicest meat.

Mr. DOUGLAS. I am glad the Senator from Vermont appreciates the quality of corn.

Mr. AIKEN. Does the Senator from Illinois believe that a fish dealer should have in his window a card stating: "These fish were fattened on the choicest worms"?

Mr. DOUGLAS. No; it is Mr. Larrick who suggests the fattening on choice worms, because he permits to be distributed chocolate covered bees, chocolate covered ants, and dried fish which have roaches in them; and these products are sold under the imprimatur of the Food and Drug Administration.

Mr. AIKEN. Would the Senator from Illinois object to the description "worm fattened fish"?

Mr. DOUGLAS. If one probes the basic sources of energy and the ultimate and intimate function of every living creature, one gets into many features

which in polite conversation are not mentioned.

Certainly the question is whether the end result is all right.

Mr. AIKEN. And we get back to the same basis of origin.

Mr. DOUGLAS. Yes.

Mr. AIKEN. Does not the Senator believe that in order to qualify as a United States commodity in surplus supply, such a fish product must originate within United States territorial waters? Would not it be going too far afield to provide that fish caught off the coast of Peru or off the coast of Newfoundland or in some other distant water is a United States commodity which at times is found in surplus supply? Should not we restrict this provision to that extent?

Mr. DOUGLAS. I think the provision already does; it deals with any product in surplus supply in the United States.

Mr. AIKEN. I think the reference is to any domestically produced commodity. But should fish which are caught off the coast of Peru or Patagonia be included under that provision?

Mr. DOUGLAS. Well, there is a fish flour factory in New Bedford, Mass.

Mr. AIKEN. Is it in existence at the present time?

Mr. DOUGLAS. It is capable of being in existence; but I think it has been forced to produce fish fertilizer, because of the ruling of the Administrator of the Food and Drug Administration.

Mr. BARTLETT. Mr. President, will the Senator from Illinois yield to me, so that I may comment on the point raised by the Senator from Vermont?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. Aside from the fish concentrate addition to the amendment, certainly it does not require that fish later found to be in surplus supply must have been caught within the territorial limits of the United States; but it provides that they must be domestically produced—in other words, caught by U.S. fishermen on U.S. vessels and processed within the United States.

Mr. AIKEN. But why should fish which are caught 5,000 miles from the United States be considered a U.S. domestically produced commodity?

Mr. DOUGLAS. Does he imply that such fish are "poor fish"?

Mr. BARTLETT. Because they are caught by American fishermen on American fishing vessels, and subsequently are processed in the United States.

Mr. AIKEN. But why should the expense of handling them under our surplus commodity program be charged to the American farmers? Why should fish which swim in the ocean off the coast of Peru or off the coast of Chile be considered as part of our surplus commodity program, and why should the expenses in that connection be charged to the expenses for the program for the American farmers?

Mr. DOUGLAS. I happen to have been among the group of Senators, along with the Senator from Minnesota [Mr. HUMPHREY], who helped to enact Public Law 480. Is it now to be said that this law applies only to products raised on the soil of the United States, and does not apply to nutriment drawn from the sea?

Mr. AIKEN. No; but the expense in that connection should not be charged to the cost of the program for food products drawn from the soil of the United States.

Mr. DOUGLAS. I think such an attitude is unbecoming of the Senator from Vermont, who generally is extremely kind.

Mr. AIKEN. But this is a practical matter, and I am not concerned with whether I am regarded as taking an unbecoming position.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. BAYH in the chair). Does the Senator from Illinois yield to the Senator from Rhode Island?

Mr. DOUGLAS. I yield.

Mr. PASTORE. As a matter of fact, the cost of the operations under Public Law 480 is paid by all the taxpayers of the United States. In this case, the point is that if fish are in surplus supply, the fishermen should be treated with the same equity and justice that the farmers are.

So far as having the cost charged to anyone is concerned, the charge is against the American taxpayers; they are the ones who pay the whole bill.

Mr. BARTLETT. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. This amendment applies only to title I and title IV. Title IV does not involve any cost to the American taxpayers, for such sales require repayment in dollars. The same is true under title I which results in making available to us, in other countries, foreign currencies, and in that way they help reduce our balance-of-payments deficit.

Mr. DOUGLAS. I thank the Senator from Alaska.

Mr. GRUENING. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield.

Mr. GRUENING. I should like to comment on the statement made by the able and distinguished senior Senator from Rhode Island [Mr. PASTORE], who pointed out what has long been obvious—namely, that we have done much for those who produce from the land, but we have not done that for those who produce from the sea.

If we adopt a program of Government payments to those who do not produce, what a bonanza that would be for fishermen who go to sea and seek fish, but are unable to catch any.

Mr. DOUGLAS. Yes, many would be rewarded.

Mr. ERVIN. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. Yes; and I know we are about to be regaled by something humorous.

Mr. ERVIN. Mr. President, I am in favor of this amendment, because I like to go fishing. However, for some reason I get no cooperation from the fish. So I am interested in doing something for those who seek to catch fish, but get no cooperation.

Mr. DOUGLAS. Yes. Therefore the Senator from North Carolina should

support this motion and then vote against the Carlson amendment.

Mr. ERVIN. A considerable amount of this product is produced in North Carolina; but we call it fish meal, instead of fish flour.

Mr. DOUGLAS. Yes. That is primarily for fertilizer purposes or for animal feed, is it not?

Mr. ERVIN. It is for animal feed.

Mr. DOUGLAS. But not for human consumption.

Mr. ERVIN. Yes.

I should like to obtain the opinion of the Senator from Illinois—

Mr. DOUGLAS. But I am not a lawyer.

Mr. ERVIN. But I should like to obtain the Senator's opinion as to whether this amendment covers fish meal. If it does and if the amendment would result in taking out fish meal, but not in taking out fish flour, I know how the interest of my constituents would require me to vote.

Mr. PASTORE. I do not think it is necessary to be a legal authority in order to make this determination. The only reason why the Senator from Illinois and I are a little put out is that over the years Congress has been concerned with the problems of agriculture. In my 13 years in the Senate, I have voted to provide all the support possible for the American farmers; and when I was told that the farmers were in trouble, I joined in voting to relieve them—as the Senator from Illinois [Mr. DOUGLAS], the Senator from Kansas [Mr. CARLSON], and other Senators have. But now we are told that the fishermen are in trouble.

We should remember that under this provision, the supply must be in surplus. If the supply of fish is in surplus—as are wheat and corn—we say it should be exportable under Public Law 480, in the way that agricultural commodities are. What is so unfair about that? Yet we are being told, by implication and innuendo, that if fish flour is not excluded—

Mr. DOUGLAS. High protein fish concentrate.

Mr. PASTORE. The Senator from Illinois resents having it called fish flour; but the technical name used makes no difference to me, because a rose by any other name still smells like a rose.

Mr. CARLSON. And fish flour certainly smells.

Mr. DOUGLAS. No; it does not smell at all. [Laughter.]

Mr. PASTORE. I am no judge of that. The Senator from Illinois properly thinks this should be called fish protein concentrate, but the wheat producers have told us that if we do not exclude fish flour as such, all fish products may be excluded.

Mr. DOUGLAS. Is that true? Have they so threatened?

Mr. PASTORE. No; I said by implication and innuendo. I would not throw up both my hands. I am not ready to quit yet. All I am saying is that we have helped Senators in the past, not because of any particular generosity on our part, but because we knew that the wheat producers were in trouble. We knew that the product was in surplus. There are other hungry mouths throughout the

world. So let us help people. That is the spirit of generosity in America.

But now those people are saying, "We do not live by bread alone. We would like to have a sardine on our slice of bread."

Mr. DOUGLAS. Particularly on Friday.

Mr. PASTORE. So why do we not put a sardine on their bread? That is not a fish story; that is a healthy combination—sardine on rye. That is all the amendment is about. I hope that the Senate will reconsider the amendment. I hope that Senators will repent their action of yesterday, and say that this is all one vote. This is one American vote. We will be generous not only with bread, but with our sardines as well.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I shall yield in a moment, but I would like to complete my statement.

THE FOOLISH FEARS OF THE WHEAT PRODUCERS

Producers in the wheat belt are afraid of the term "flour." They are afraid that if high-protein fish concentrate is sent abroad, it will be baked into bread, and in the future bread will be made of high-protein fish concentrate instead of wheat.

That is a foolish fear. I believe it is largely due to the semantic error initially caused by calling the product "fish flour." I believe it is true that upon occasion I have been guilty of doing so. But fish concentrate is a protein and flour is primarily a starch. American millers, take out the wheat germ, which has a high vitamin content, and sell the remainder, which is largely starch, to the American people. They then feed the wheat germ to the hogs, and the hogs fare better than the people.

It has been impossible to obtain action from either the Food and Drug Administration or the Department of Agriculture to correct that process. I believe the millers are afraid that if the wheat germ were retained in the flour, they would have to change their grinders, which are now metallic, and substitute a different set of machinery. But that is somewhat aside from the point. There is no reason for the wheat belt to be afraid. Fish concentrate will not be a substitute for bread. It is a powder which can be sprinkled on rice and on other starchy products—even, as the Senator from Rhode Island has frankly said, on the bread itself—compensating perhaps for any deficiency in the bread by the high protein content of the fish, which will put bone and muscle into the bodies of the scrawny and undernourished people in the hot places of the world.

We hear the argument—"Yes, but the product is already permitted for export; it is only prohibited from domestic use."

Under Mr. Larrick's ruling that is true. But we all know what will happen so long as that disqualification is retained domestically. The Communists will "go to town" internationally and say that we are sending abroad commodities which we say are not fit for consumption at home.

I wish to say something further about the bias which is inherent in the Food and Drug Administration.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Kentucky, although I do not wish to forget that the Senator from Kansas desires to speak.

Mr. COOPER. Is there available any information, in terms of dollars, pounds or bushels, as to how much of that fish flour is in surplus?

Mr. DOUGLAS. There is already a plant in New Bedford, Mass., which could produce fish concentrate in appreciable quantity, but at present it is prevented from doing so because of the disqualification attached to domestic sales of the product.

Mr. COOPER. Does the Senator have any idea what value would be involved?

Mr. DOUGLAS. I do not know in terms of tons, but it would probably be an appreciable quantity.

Mr. COOPER. Is there any demand for the product abroad?

Mr. DOUGLAS. Yes, there is. Experiments have been made in Mexico, and, I believe, in Peru. In both cases the product has proved its worth. The sponsor has given it away, and the public health authorities have tried it out in the diets of children, and its nutritional value has been proved.

Mr. COOPER. Being an inlander, I have no idea what fish flour looks like.

Mr. DOUGLAS. Does not the Senator have any idea what it looks like?

Mr. COOPER. Is it spread on bread or is it taken by the spoonful?

Mr. DOUGLAS. I am delighted to bring to the Senator from Kentucky some of the high protein fish concentrate that I have with me in the Chamber. I invite him to taste and see for himself. I shall even give some to the Senator from Kansas.

Mr. CARLSON. No; I do not want any.

Mr. DOUGLAS. Fishmeal factories could be transformed into fish flour factories. I once went by a factory at Lewes, Del., and at a distance of 1 mile, I could tell that it was a fish meal factory. [Laughter.] But fish concentrate has no odor and can be made without taste if that is desired.

There is a great potential market for the product if it can be developed. One way to start production is under Public Law 480. A demand for the product could be built up and expanded. It would be a great thing for North Carolina and for all areas in which fishmeal factories and processing plants are located.

THE BIAS OF THE FOOD AND DRUG ADMINISTRATION

I should like to return to what I believe is the built-in bias of the Food and Drug Administration against improved bread.

In the latter part of the late war Professor McCay of Cornell developed an unbleached flour which was enriched with wheat germ, soybean, and a high proportion of milk solids. Tests under the McCay-Cornell formula, were performed on rats. The rats were also tested on commercial white bread. Interestingly enough, the rats fed on commercial wheat bread became sickly, starved looking, and produced stupid offspring. All

of them died off, and the strain became extinct before the fourth generation of rats.

On the other hand, rats fed on the McCay-Cornell formula thrived, as did their offspring, going from greater strength to greater strength through the fourth generation. That was a test between the bread which had been wheat germ, soybean-high proportional milk solids as well as flour—unbleached flour, I might add—and commercial flour. What happened? The entrenched bread interests screamed to high heaven. They protested about the improved bread that was coming onto the market.

At that time I believe Mr. Larrick was Assistant Commissioner. Later he became Deputy Commissioner and then moved up to Commissioner. But at that time he was Assistant Commissioner. I believe that experiment brought the Food and Drug Administration on the run to protect the producers, and Dr. McCay's bread could not be sold in interstate commerce as bread.

Why? They said it was too good to be called bread. The FDA wanted to call it cake. They evidently had read Marie Antoinette's alleged comment when the workmen of Paris were demonstrating. Marie Antoinette is alleged to have said, "What are they demonstrating about?"

Her advisers said, "They want bread." Marie Antoinette is supposed to have made the frivolous remark, "Let them eat cake."

Here we have Marie Antoinette in the Food and Drug Administration, saying that this bread was too good to be called bread, and therefore it should be called cake.

We can imagine how attractive it would be to people who want bread, who said, "We want the Cornell bread," if they were told, "Oh, you cannot get Cornell bread; you must take Cornell cake." Cake is valuable, but it is not the staff of life as bread is the staff of life.

So there was a terrific battle with the Food and Drug Administration. I had recently come to the Senate, and tried to apply not pressure but discreet education. Finally we got a partial modification of the ruling of the Food and Drug Administration.

In other words, the bread manufacturers and the millers were so powerful that they were able to get the Food and Drug Administration to completely twist the meaning of the original food and drug law. The original purpose of the law was to put a floor of quality under products, so that they would not fall below a given standard of quality. Now the Food and Drug Administration was trying to impose a ceiling on products, by providing they cannot be too good.

I have had further difficulty, not so much with the Food and Drug Administration as with the Department of Agriculture, in trying to get them to adequately test a flour which retains the wheat germ. I say to the Senator from Kansas, that would be a great boon to the wheat industry, because bread is now so tasteless that people do not eat much of it. If we could make bread more attractive to people, there would

be an enormous increase in its consumption. We have been trying to do this, but the millers are opposed to it because they have their machinery set up to take out the wheat germ prior to grinding. The technical difficulty is that if they grind the wheat germ with solid metal rollers, it will be crushed, and oil will mix with the flour, which will then rancify and spoil.

The new process would not crush the germ but would retain it in the flour. This would require new milling machinery, at a capital investment the millers do not wish to make. The millers have been holding up this development in the field of dietetics, just as they are now trying to hinder the sale of high protein fish concentrate.

The Senator from Kansas is one of the nicest fellows in this body. He is kindly and generous, and I have never known him to utter an unkind word.

The Wheat Belt need not worry about this. I emphasize again that there has been a semantic error in calling this "fish flour." The word "flour" has stirred up the ire and the resentment of the whole Wheat Belt, of the millers, and the breadmakers. They have sprung to arms to prevent any new product coming in.

I repeat that this will not make bread. It is a protein, not a starch. It will be used, instead, on products such as potatoes, in soups, on rice and oatmeal, and on many others. It could be of incalculable benefit to people in the tropics. If we could get this developed and appreciated, there would be a large commercial market which would be opened up as well.

Mr. MCGOVERN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from South Dakota.

Mr. MCGOVERN. Mr. President, I am much impressed with the case the Senator from Illinois has developed this afternoon. I believe the basic argument in support of what he is trying to do, in addition to the economic interest expressed by the Senator from Rhode Island, is that a protein shortage is the really critical food problem in the world today. When one travels in an area such as in most of Africa, one finds that practically every child is suffering from a damaging shortage of protein food. This disease is called kwashiorkor. We have all seen its effects, in the distended bellies and skinny arms and legs of children. We see it all over the underdeveloped areas of the world. The disease stems not so much from a shortage of food as from a shortage of protein. Many of those people have enough calories but not the kind of high-protein concentrate the Senator from Illinois is talking about.

I believe, if we wish to strengthen our food-for-peace program—a program which enjoys the support, so far as I know, of every Senator—we could make a great contribution to the program, with little cost to the taxpayers, by including fish and fish products under the terms of the program.

I know that some people in the wheat country are disturbed about this. I come from a wheat State and I understand

the anxiety expressed this afternoon; but I believe it is not well founded. I believe there is no real foundation for it at all. It does not make any more sense to oppose adding a little protein to our cereal diet than it would to oppose vitamin-enriched bread. We do not oppose vitamins even though we are interested in the welfare of the milling industry.

As the Senator from Illinois has said, we might find a broader market for our wheat products and our bread if we could include with it some of the other foods which the world is so desperately anxious to get. We can do this, as I say, at small cost.

I endorse what the Senator from Illinois is trying to accomplish.

Mr. DOUGLAS. I deeply appreciate what the Senator from South Dakota has said. For almost 2 years he was the Director of the Food-for-Peace program and played a great part in helping to bring better nutrition to these other areas of the world. When he speaks on this subject—coming from a wheat State as he does—he has a proper concern for the industries of his State.

This is very significant testimony. I should like to ask the Senator from South Dakota: Is it not true that all the tests which the Senator had made, when he was Director of the Food-for-Peace program, indicated this product was wholesome, safe, highly nutritious, and met the great vitamin shortage which is characteristic of the underfed areas of the world?

Mr. McGOVERN. There is no question about that. That has been the experience in the tests which have been conducted in Mexico City. That has been the experience in Peru. Whenever this matter has been put to a valid test, the results have indicated the wisdom of what the Senator from Illinois is now trying to accomplish.

Mr. CARLSON rose.

Mr. DOUGLAS. Mr. President, I believe I should now yield to the Senator from Kansas [Mr. CARLSON], because I believe I shut him off a little prematurely before. However, I did wish to make my substantive case before I yielded to him.

I am not certain of the program of my opponents. I would make the motion to reconsider now, were I not to be immediately faced with a motion to table.

Mr. CARLSON. I assure the Senator from Illinois that I expect to make a motion to table, but I certainly will not shut off debate for the Senator from Illinois, or for any other Senator.

Mr. DOUGLAS. If the motion to table is made, I shall ask for a live quorum.

I think this is, in the main, the substantive case which I wish to make.

I do not like to pin medals on myself. I could have made this motion last night, but the Senator from Kansas was not present on the floor. I therefore withheld the motion until today, when he could be present. I therefore extended a very proper courtesy to him, which through lack of communication, and for one reason or another, was not extended to me. But this is only what one should do.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. PASTORE. I think the RECORD ought to be clear with regard to what took place yesterday when the Senator from Kansas suggested his amendment. Realizing that the Senator in charge of the bill was ready to accept the amendment, I suggested a modification, which the Senator from Kansas, in his usual, gracious way, agreed to accept. As the matter stands now, fish flour, or high protein concentrate, is included if it is approved by the Food and Drug Administration as an edible product. That qualification is made.

The RECORD ought to show what took place yesterday.

Mr. DOUGLAS. That is true.

Mr. PASTORE. I know the Senator from Illinois feels that that qualification ought not to be required. I realize that is the way he feels. But I think the RECORD ought to show what was accomplished in his absence.

Mr. DOUGLAS. What the Senator from Rhode Island has stated is correct. The point is that as long as George P. Larrick is head of the Food and Drug Administration, high protein concentrate—alias fish flour—will probably never be ruled as being acceptable for human consumption, regardless of the fact that the National Academy of Sciences has approved it.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. When this question arose last night, it came up very suddenly, because the Senator from Louisiana [Mr. ELLENDER] had asked for a rollcall and was about to make an extended speech. Then he agreed to modify his amendment. That left the committee amendment open to further amendment.

The Senator from Kansas [Mr. CARLSON] offered his amendment, which the chairman of the committee accepted, and the whole matter took less than 5 minutes.

I personally looked for the Senator from Illinois. There was not time to bring him to the floor. I knew he was not entirely in agreement with the amendment. In my opinion, it was the most satisfactory way to do it under the circumstances.

I make this statement in fairness to Senators like the Senator from Rhode Island, the Senator from Alaska, and other Senators who are in the Chamber.

Mr. DOUGLAS. I wish to make it clear that I am not blaming anyone. I am only explaining how it happened that I did not make a protest at the time. I was not on the floor because I was not notified as to what was coming up. I am trying to play fair with my opponents. I tried to play fair by not making a motion to reconsider last night.

Mr. BARTLETT. Mr. President, will the Senator yield on that point?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. It should be said, in fairness to the Senator from Kansas, who realized the great interest of the Senator from Illinois in the subject, that he did not at the time, immediately after

the modified amendment was accepted, follow the usual parliamentary procedure, which, as I understand, would have foreclosed the Senator from Illinois from doing that which he is now doing. That, I am sure, was in deference to the knowledge of the Senator from Kansas that the Senator from Illinois would want to be heard on this issue.

Mr. DOUGLAS. We try to treat each other as gentlemen. Perhaps I should not have mentioned the fact that I was not notified. I thank the Senator from Rhode Island for the further amendment he offered, which prevented it from being an outright disqualification. I am grateful to him for that. I am grateful that the matter was not finally settled by making a motion to reconsider, which would have been immediately defeated.

With the passage of time, we have had an opportunity to consider it. I hope, when I make the motion to reconsider, it will be adopted.

I hope my friend will not make a motion to table, but that the Senate will be able to vote on a motion to reconsider, because a motion to table would require three steps rather than two, and I do not wish to hold up consideration of the foreign aid bill unduly.

Mr. CARLSON. Mr. President, I appreciate very much the statement of the Senator from Illinois. Two or three comments should be made. Some have been mentioned already.

In the first place, it was stated on the floor that those of us from farm States should have sympathy with those from other areas, particularly when it comes to fish and the amendment under discussion.

Last night I stated that I supported the amendment. I think I can state frankly that if in committee I had opposed the amendment, I doubt if it would have been in the bill. I did not oppose it. I do not oppose it now. I had one consideration in mind last night, and that is in regard to the amendment which I submitted, which I think is a fair amendment.

Why should we urge people who are hungry and starving to eat a product that our own Food and Drug Administration does not approve for use in our own country?

In the second place, I used the term "fish flour." I got that term from the Senator from Illinois. I did not pick it out myself. I have been hearing the term "protein concentrate." But it is still the same product. Call it by any other name, it is still fish flour. That is what they have been trying to sell it as for years, and they have not succeeded in doing it.

Last night I did not know this amendment was to be called up. I did not call it up. I did not have a written amendment, but when the amendment was called up, it occurred to me that it was then or never. That is the reason why I offered the language stating that the sale of products under Public Law 480 should not contain fish flour without the approval of the Food and Drug Administration. It is that simple. When the Senator from Rhode Island made his suggestion, I had no objection. I would not

oppose the sale of food to foreign lands for the use of hungry people if such food were approved by the Food and Drug Administration.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. DOUGLAS. Does the Senator place greater trust in the Food and Drug Administration than he does in the National Academy of Sciences?

Mr. CARLSON. I am not familiar with the National Academy of Sciences, but our Nation has had the benefit of the Food and Drug Administration for many years. The Administration has rendered great service to the country. I could mention many products from which the Administration has protected our people.

There has been some talk about what a great product it is. What is this product? Let me read what it is.

This product would be made by grinding whole fish of any variety, including scavenger fish and other fish not commonly considered edible, taken from oceans, inland waterways, swamps, and other sources, and would include everything in and on the fish—head, eyes, scales, fins, intestines, contents of intestines, worms, and parasites. Thus, the product would consist in part of "filthy, putrid, or decomposed" substances within the meaning of the act.

Still, we would want to grind up that product, call it fish flour, and force it on hungry people in other lands. I will not be a party to it.

The Senator from Illinois made a statement about the Food and Drug Administration. Over a long period of years the Food and Drug Administration has consistently taken the position, which the courts have consistently upheld, that an article of food containing such substances is adulterated. For example, the courts have held that fish containing parasitic worms, butter containing rodent hair, flies, feather parts, or insect filth, flour or sugar or bread containing rodent hairs, rodent excreta, or insect fragments, and tomato paste containing corn ear worms and their excreta, were adulterated within the meaning of the act.

This is not something new. I do not want to stand here today and permit an amendment to the language that would permit exportation of items that are considered not to be fit for human consumption in this country. I have no objection to selling them all kinds of fish.

If the Senator from Illinois will read the report of the committee on this particular subject, I think he will agree that there is no question as to what the committee had in mind. I read:

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies.

To the Senator from South Dakota, I say that fish is a great protein food. I have no objection to our selling it. The Senator pointed to the need for it in certain countries, but I do not think there is a need for fish flour made as I have described it. That is the basis for my objection.

I continue to read from the report:

This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I believe the distinguished Senator said that this product was not in surplus, but it could be made a surplus product. That is not the purpose of Public Law 480. The purpose of that law is to take commodities which are already in surplus and dispose of them, and not try to produce others.

As I have read from the report:

The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I do not understand how the fish people can ask for any more than that. They are on the same basis. Yet they come to us and seek the adoption of an amendment to place on sale under Public Law 480 a product that has not been approved by the Food and Drug Administration. Whenever the Food and Drug Administration approves it, and if the amendment is adopted, of course it will be sold. I am on sound ground.

I was generous with the Senator from Illinois, as the Senator from Alaska has mentioned. I could have prevented this debate, and it would have been a simple thing for me to do. All I would have had to do would be to make a motion to reconsider, and I am sure it would have been adopted. Then the Senator would have been finished. I did not want to do that. I wanted him to have an opportunity to do what he is doing now. I am not going to try to shut him off now. He can use all afternoon to discuss this amendment. Finally I will make my motion to lay his motion on the table.

Mr. DOUGLAS. Mr. President, I have not yet made my motion. I appreciate the generous comments of my distinguished friend from Kansas. He is one of the most even-tempered men in the Senate. He is a delight to all of us. He mentioned the opinion of the Food and Drug Administration. I hold in my hand a report of the National Academy of Sciences, signed by Mr. Frederick Seitz, the President, under date of November 6, 1962, transmitting a report of the committee of the National Academy of Sciences which considered this product. They were asked this question: "Can a wholesome, safe, nutritious product be made from whole fish?"

The report states:

The committee concluded that a wholesome, safe, and nutritious product can be made from the whole fish. The committee accepted the definition of "a wholesome product" to be a product which is healthful and promotes physical well-being. Products are currently available, produced in the laboratory or in pilot plants, which have been shown to be safe and nutritious in animal feeding studies. In these studies, the nutritional value of fish protein concentrates has been shown to be equivalent to or better than casein. Information is also available that such concentrates have been utilized in human population studies and found to be acceptable.

Properly processed, all portions of the fish can contribute to the nutritional value of a product.

I fear that the Food and Drug Administration is under the influence of many forces. One of them is the group of big millers and the wheat interests, as indicated by their record in the late 1940's. At the same time that they turn up their noses at this wholesome, safe and nutritious product, they have passed these articles, which I exhibited on the floor of the Senate some weeks ago, and some of which I have in my hand.

THE ABSURD APPROVALS OF THE FOOD AND DRUG ADMINISTRATION

Here is a chocolate covered menagerie of ants, baby bees, caterpillars, and grasshoppers. If the Senator from Kansas has such faith in the Food and Drug Administration, I will give him some chocolate covered grasshoppers. If he does not like that, I have here a chocolate covered ant. These are products that the Food and Drug Administration has approved. They say they are all right, but they will not let a wholesome, sanitary, nutritious, high protein fish concentrate be sold.

Will the Senator from Kansas take some of these, or will any other residents in the Wheat Belt turn up their noses at a high protein fish concentrate? I have some fried grasshoppers, if he would prefer those.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PASTORE. Does the Senator have any chocolate-covered elephants?

Mr. DOUGLAS. No; they are too large. The Senator from Kansas mentioned the fact that he did not want to have roaches in food. I have here some dried fish which contain several roaches, clearly visible. They are used as an attraction. If the Senator from Kansas would like to consume these roaches, which have been passed by the Food and Drug Administration, I will place them on his desk.

Mr. CARLSON. Will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. CARLSON. I appreciate receipt of all these splendid articles which have been approved, as the Senator says, by the National Academy of Sciences, which I understand consists of the upper intelligentsia of the country, not of the common people. It has never reached down that far.

Mr. DOUGLAS. No, the National Academy has not approved those articles; it has been the Food and Drug Administration which has done that. The National Academy of Sciences has approved the high protein fish concentrates.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. DOUGLAS. The Senator from North Dakota comes from a great wheat State. Let me offer him some chocolate-covered ants. If he does not like them, I can offer him some fried grasshoppers.

Mr. YOUNG of North Dakota. I wish the wheat industry and the milling industry had such great influence with the Food and Drug Administration, as the Senator from Illinois thinks. The Food and Drug Administration has clamped down on the wheat people, to the extent of making it necessary to

remodel most of its granaries and warehouses.

Mr. DOUGLAS. Does the Senator mean that that was done in an effort to try to diminish the amount of droppings of rats?

Mr. YOUNG of North Dakota. They have had to remodel most of the warehouses and granaries, and regulations have been tightened to the point that if a mouse runs across a bin of wheat, the wheat is likely to be disqualified.

Mr. DOUGLAS. It must leave something substantial behind.

Mr. YOUNG of North Dakota. Just occasionally. The Senator, on the other hand, in effect is proposing that we take the whole mouse and make flour out of it.

Mr. BARTLETT. Mr. President, the Senator from Illinois is a fighter. The Senator from Illinois is a great crusader. The Senator from Illinois is a worker in good causes. I suppose there is no need for me to say it since the Senate knows it and the whole country knows it. The Senator knows that I am on his side in this controversy regarding the Food and Drug Administration decision. We had a conversation on the same subject the other day, and the Senator from Illinois had a much more imposing array of exhibits than he has at the present time.

I see that the exhibits are all here again, produced by the Senator from Illinois. They did not appear very tasty at that time. The Senator also had some fish flour, or fish protein concentrate, and he offered me some. I expressed a willingness to eat the flour, but resolutely refused to be enticed by his repeated offer of chocolate-covered bees or chocolate-covered ants, or even fried silkworms. Dried fish, liberally adorned with cockroaches which had perished in the package, was not at all appealing.

I stand ready to work with him and for him and under him in doing everything possible to persuade, by whatever means possible, the Food and Drug Administration to permit fish protein concentrate to be sold domestically. There is nothing offensive about this product. I agree with the Senator that it would furnish a wonderful protein source for people. Not all Americans have enough protein, but that is especially true of people in the underdeveloped countries.

The senior Senator from Massachusetts [Mr. SALTONSTALL] told us yesterday afternoon that court action or congressional action must be taken to bring about and effectuate this change. If congressional action will do it, I assure the Senator from Illinois that I am with him. I will join him in any way possible to bring this change about, because it seems to me it makes commonsense to do so.

However, another consideration is involved by way of the basic amendment. I was its architect. Now efforts are being made to add another room to the architectural design. I am obliged to say, in a pragmatic way, that not for worlds would I have the whole house collapse in this effort. I say that with all deference and respect for the Senator from Illinois [Mr. DOUGLAS]. The fact is that this amendment was offered

originally to and accepted by the Committee on Foreign Relations, because it was thought that it was an appropriate and justifiable means of disposing of surplus stocks of fish. We have heretofore submitted for the benefit of the committee and have submitted for the benefit of the Senate examples of how these surpluses have existed, not always, but from time to time, in different sections of the country.

I observe in the Chamber the two Senators from Rhode Island [Mr. PASTORE and Mr. PELL]. These surpluses have been found off the New England coast. They include sardines, as the Senator from Massachusetts [Mr. SALTONSTALL] knows so well, and other kinds of fish. Surpluses have likewise occurred on the gulf coast and the Pacific coast.

Since the basic amendment provides that, under title I of Public Law 480, none of the appropriations heretofore made available, or to be made available during calendar year 1965, shall be used to carry out the intent of this amendment—that is to say those provisions relating to title I under the basic amendment, the one that was adopted yesterday—I think we could well devote our collective efforts—including those on the other side of the aisle—to working during the next year aggressively, vigorously, and I hope successfully, so that without any debate, without any argument, without any controversy, the fish protein concentrate then could be used for this program.

As has already been stated, there is no surplus of fish flour. I should not have used that expression; I should have said "fish protein concentrate." I have no doubt there could be built up shortly a supply of such concentrate. My understanding is that some amounts have been sent overseas for testing purposes, and that there is some sale for use as high-quality animal feed. This does not mean that the same products would not be desirable for human beings.

This is a testing stage, more or less. The fish from which this product is made are edible fish—edible in every sense of the word. What is wrong with eating this product, when the Food and Drug Administration allows us to eat sardines?

But I believe that even if the language that is now before the Senate based upon the amendment of the Senator from Kansas [Mr. CARLSON], as modified by the Senator from Rhode Island [Mr. PASTORE], prevails just as it is, that does not mean, cannot mean, and should not mean that at an early date an addition to that program, in the form of fish protein concentrate will be barred.

Mr. PASTORE. Mr. President, I wish to direct a question to the distinguished Senator from Illinois, because I think the RECORD ought to be corrected in one respect, or at least clarified.

The position taken by the Senator from Kansas [Mr. CARLSON] is that he is opposed to the inclusion of fish protein concentrate until such time as this product is approved by the Food and Drug Administration and made eligible for American consumption. He is not disposed to allow to be sold abroad, even if foreigners want to buy it, a product

that the American public cannot eat. What is the Senator's contra argument?

Mr. DOUGLAS. Whose argument?

Mr. PASTORE. That is the argument of the Senator from Kansas. I want to know what the rebuttal is to that argument.

Mr. DOUGLAS. I thought I made my rebuttal. In the first place, Mr. Larrick is completely wrong. The National Academy of Sciences, as I have read, has declared high-protein fish concentrate to be wholesome, safe, and nutritious. This is clearly a case in which Mr. Larrick is wrong. But out of his stubbornness, he has made an administrative ruling that high-protein fish concentrate is unfit for human consumption. Even though he has not barred it from foreign use, he has declared it unfit for domestic consumption.

Mr. PROXMIER. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIER. Is it not true that he has declared it unfit for domestic consumption strictly on esthetic grounds, and not on the grounds of nutrition, safety, and economic benefit?

Mr. DOUGLAS. The Senator is correct. Mr. Larrick said it raises in the minds of people unesthetic thoughts because the whole fish is used, including the intestines and the head, although there has been compression, washing in many solutions of water and many solutions of alcohol, baking, complete sterilization, and removal of bacteria that might have been in the intestinal tract.

Nevertheless, at the same time, this gentleman permits the sale of oysters with their intestinal tracts, and of clams, of snails, and many other creatures that have intestinal tracts. He raises no esthetic objection to them.

First, if the amendment of the Senator from Kansas were eliminated, and we returned to the basic amendment or to the basic Bartlett provision, as interpreted on the floor of the Senate, we would put pressure on the Food and Drug Administration to include the product in the foreign assistance program. Also, once the product was used abroad, there would be increasing pressure on Mr. Larrick to change his ruling at home. Many people at home, as well, need this food. Not only is it the most available source of cheap protein, as the former Director of the food-for-peace program, the distinguished junior Senator from South Dakota [Mr. McGovern], has testified, but it affords the next big market for the American fishing industry. This is a new product, one which can spell the difference between depression and prosperity for the fishing industry, because it gets away from the difficulties of refrigeration in preserving fish. The fish can be processed quickly and made into fish flour, and the fish flour will keep forever.

Mr. BARTLETT. It is protein concentrate.

Mr. DOUGLAS. Excuse me; I sometimes fall into that error.

Mr. PASTORE. Do I correctly understand the Senator from Illinois to resolve his argument to this: That even though the product cannot be used for human consumption in the United

States, because it has not been approved by the Food and Drug Administration for esthetic reasons, there is no reason why foreign governments which desire to buy it, knowing what the product is, but who nevertheless wish to buy it because it conforms with their eating habits, should be barred from buying it under Public Law 480?

Mr. DOUGLAS. If we do not develop fish concentrate, it will be developed by other countries. I have in my hand an article from *The Fish Boat* for July 1962, which describes how this product is being produced in Norway. If we hold off producing it, the Scandinavian countries will come in and take this market away from us.

I thank the Senator from Rhode Island, who has been very helpful.

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. Certainly.

Mr. SALTONSTALL. I appreciate the courtesy of the Senator in yielding to me.

Without prolonging this discussion, let me point out that yesterday I stated my reasons quite fully. My statement appears on page 21778 of the CONGRESSIONAL RECORD.

The Senator from Illinois has stated quite accurately that the National Academy of Sciences has given fish protein a clean bill of health.

I also point out that the Food and Agriculture Organization of the United Nations is spending approximately \$300,000 on a program of acceptability testing and development of the commercial production of fish flour in Peru, to which it is contributing \$300,000 during the next 3 years, and also that the Bureau of Commercial Fisheries is continuing its research on fish, under funds appropriated last year.

As has been pointed out by the Senator from Rhode Island, the Senator from Illinois, and the Senator from Alaska, the Food and Drug Administration has indicated that at the present time it will not approve the sale in the United States of fish protein.

I agree with Senators that it is desirable to have fish protein put on the market; but I point out that the important thing is to have put under chapter 4 of Public Law 480, for the first time, domestically produced fish products. That is why I supported the amendment of the Senator from Kansas, as modified at the request of the Senator from Rhode Island [Mr. PASTORE]—because I believe that under that amendment, as modified, fish products will be included under chapter 4 of Public Law 480; and it is important that that be done at the moment.

I thank the Senator from Illinois for yielding to me.

Mr. DOUGLAS. Mr. President, I do not criticize any Senator who voted in favor of adoption of the Carlson amendment. By reading between the lines of the statements which were made, I think what the Senator from Massachusetts now says is accurate. It is apparent that those who represent the wheat farmers would vote to kill the entire amendment if fish concentrate and fish flour were not excluded. Perhaps the dairy industry has joined in as

well. But I do not criticize Senators for participating in the agreement which was reached. I was not a party to it, and I think ultimately it would be adverse to the public health of the world and also to the interests of the Seaboard States and the Great Lakes States. The Great Lakes States also produce fish, and they have suffered somewhat from the rulings of the Food and Drug Administration.

Regardless of whether those rulings are good or bad, I do not wish to prolong the debate on this subject; I wish to have the Senate proceed with its work on the pending bill.

I would appreciate it if the Senator from Kansas [Mr. CARLSON] would withdraw his amendment. Then we could proceed, and it would not be necessary for me to suggest the absence of a quorum, and then have the Senate go through the tedious process of acting on a motion to lay on the table; and then, if we should win in that connection, on a motion to reconsider the vote by which the modified amendment was agreed to, and then a motion to include certain words in the bill.

So I appeal to the Christian charity and amiability of the Senator from Kansas, which are so thoroughly parts of his splendid character, to withdraw his amendment.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am waiting for an offer from the Senator from Kansas.

Mr. CARLSON. Mr. President, I wish to inform the Senator from Illinois that I will not withdraw my amendment. I thought I was most generous yesterday evening when I tried to help Senators who are interested in the sale of fish under Public Law 480 by agreeing to go along with the provision that fish flour, which has not been approved for sale in the United States by the Food and Drug Administration, be eliminated from this part of the committee amendment. Therefore, I shall not withdraw my amendment.

I hope the Senator from Illinois will move that the vote by which my modified amendment was agreed to be reconsidered; and then I shall move that the motion to reconsider be laid on the table.

Mr. DOUGLAS. First, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 232 Leg.]

Bartlett	Gruening	Nelson
Bayh	Hart	Neuberger
Beall	Hill	Pastore
Bible	Holland	Pell
Boggs	Hruska	Proxmire
Burdick	Javits	Ribicoff
Carlson	Jordan, Idaho	Robertson
Cooper	Keating	Russell
Cotton	Long, Mo.	Saltonstall
Dirksen	Mansfield	Simpson
Dodd	McClellan	Smith
Dominick	McGovern	Talmadge
Douglas	McIntyre	Williams, Del.
Edmondson	McNamara	Young, N. Dak.
Ervin	Metcalfe	
Fulbright	Morse	

Mr. HUMPHREY. I announce that the Senator from Louisiana [Mr. ELLENBERGER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana

[Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be dispatched forthwith speedily—quickly—to bring in absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay Mr. AIKEN, Mr. ALLOTT, Mr. ANDERSON, Mr. BEALL, Mr. BENNETT, Mr. BREWSTER, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. EASTLAND, Mr. FONG, Mr. GOLDWATER, Mr. GORE, Mr. HARTKE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. INOUE, Mr. JOHNSTON, Mr. JORDAN, Mr. KENNEDY, Mr. KUCHEL, Mr. LAUSCHE, Mr. MCCARTHY, Mr. MCGEE, Mr. MECHEM, Mr. MILLER, Mr. MONROE, Mr. MOSS, Mr. MUNDT, Mr. MUSKIE, Mr. PEARSON, Mr. PROUTY, Mr. RANDOLPH, Mr. SCOTT, Mr. SMATHERS, Mr. SPARKMAN, Mr. SYMINGTON, Mr. THURMOND, Mr. TOWER, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, and Mr. YOUNG of Ohio entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Is a quorum present?

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. I ask unanimous consent that the Senate proceed to the consideration of the motion to reconsider which I entered last night.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, I move to reconsider the vote by which the amendment of the Senator from Kansas [Mr. CARLSON], as modified, page 53, line 20, of the committee amendment, was agreed to.

I hope that if a motion to table the motion to reconsider is made, all Senators in favor of improving the nutrition of the people of the world and developing new markets for American fisheries will vote "no."

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

Mr. CARLSON. Mr. President, I move to lay on the table the motion of the Senator from Illinois.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ATTENDANCE AT NATO CONFERENCE BY WIVES OF SENATORS

Mr. MANSFIELD. Mr. President, I have been reading on the news ticker a story to the effect that two wives of Senators have been mentioned as accompanying the House delegation to the NATO Conference some days ago. There have been some questions raised about those wives going, and I wish to say on the floor of the Senate, and for the RECORD, that they went in good faith. Their husbands and other Members of the Senate had been appointed by this body to represent the Senate at the annual NATO Conference, and at my request every single one of those Senate Members stayed here to be on the floor during the debate on the foreign aid bill. They stayed here on a day-to-day basis, in the hope that it might be possible for them, in light of the directions laid down by this body, to attend that most important Conference; but, because of the developments over which they had no control whatsoever, and because I requested them to stay here, they did so.

I believe that instead of fault being found with the wives of these Senators, who went to the Conference in the expectation that their husbands would join them shortly, as they had every right to anticipate, we should give a great deal of credit to Senators who remained behind, who missed a most important conference, and who attended to their primary duty on the floor.

And by the same token, I think these two ladies deserve some credit instead of carping criticism. In the circumstances they were cast in the role of unofficial representatives of the Nation, as are Foreign Service wives or military wives or Cabinet wives or any other wives of officials of this Government who happen to be abroad. I have no doubt that the two ladies acquitted themselves in a most commendable and exemplary manner.

Furthermore, may I say, if my understanding is correct, that the two ladies who did go usually travel in separate planes from their husbands, because of the safety factor involved, for their children—a practice which my wife and I followed until our own daughter was 18 years of age.

So I would hope that this fact would also be set out on the RECORD; I suppose it is too much to hope that the petty

recrimination and speculation which seems to be so rampant would stop, and that due recognition would be given to the facts as they are rather than to wild speculation, which seems to be so much the mood of the moment.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I send to the desk an amendment to H.R. 7885, the Foreign Assistance Act of 1961, which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 52, line 14, of the committee amendment, it is proposed to strike out "\$675,000,000" and to insert in lieu thereof "\$655,000,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the substitute committee amendment, as amended.

Mr. MORSE. Mr. President, I shall discuss the amendment shortly. Some discussions will be held off the floor of the Senate in regard to the amendment while I speak briefly on another matter.

This amendment seeks to strike \$20 million from the Social Progress Trust Fund. I do not wish to say any more about it until the discussions off the floor have been concluded.

Following action on the amendment, the Senator from Alaska has two or three amendments to offer. If we are successful in reaching an agreement on this \$20 million saving—and I shall show later that the \$20 million saving is reasonable and fair—and we can make the saving, so far as I am concerned I shall not offer any further money cut amendments, and the bill might reach the stage of a third reading before the late afternoon or early evening.

I wish to take a few moments to make a record in regard to the significance of the amendment that was agreed to, offered by the Senator from Alaska and modified in conferences among the Senator from Alaska, the Senator from Arkansas, the Senator from Minnesota, and myself. I believe the amendment is perhaps the most important that has been adopted during all this debate. I am not so sure that it is not now the most important part of the foreign aid bill. It is not fully comprehended in the Senate.

There is great concern in many countries of Latin America concerning certain types of military aid. This amendment, in my judgment, is worth millions of dollars. If we could evaluate good will, it is worth millions and millions of dollars in American good will in Latin America, because it will come as a great relief to many of our best friends in high government positions in many countries in Latin America.

Part of the adjustment that was made, in agreeing to the amendment of the Senator from Alaska, was that I would not press a money cut amendment for a \$10 million cut in the military aid pro-

gram in Latin America. I was glad to agree to that. I do not know what the outcome would have been on my amendment, but I believe it had a very good prospect of being approved. It should have been approved on its merits. But, be that as it may, it is important that the record on the foreign aid bill contain this discussion of the problems created by the United States in Latin America as a result of the types of military aid which we have been giving.

A few months ago, when I attended the inauguration of the new President of Peru, I witnessed a military parade that included about 40 American Sherman tanks furnished to Peru by the United States through military assistance. What useful purpose those tanks could possibly serve in Peru escapes my imagination.

The purpose they do serve in Peru and elsewhere on that continent is to pose a constant and continual threat to the civilian governments of those countries. They are the gun at the head of every elected President of Latin America—a gun that we have manufactured and furnished free of charge. All too often, these weapons have been used to thwart and overturn the governments that have been seeking to carry out the objectives of the Alliance for Progress which, of course, we are also financing.

When I say "gun" I mean heavy equipment like tanks and jet aircraft. The kinds of guns that the armed services in Latin America do need to control guerrillas and terrorists are the small arms and mobile equipment that we can furnish under a ceiling of \$40 million.

Let me point out that the military castes in some of these countries have become so arrogant in their demands for expensive equipment, and have become such a threat to civilian governments because of it, that some governments have sought to obtain equally heavy equipment for other branches of their services merely to offset the others. If one country has an air force whose power and prestige have been elevated with late model U.S. jets, then it is not unusual to find that government anxious to balance its air force with an army equipped with Sherman tanks, and a Navy equipped with large ships, and a few jets of its own to keep the air force from taking over. This kind of rivalry is going on within individual countries. And it has led to a similar rivalry among the armed services of neighboring countries.

Senators will find at my desk a letter I received from the Assistant Secretary of Defense for International Security Affairs on June 24, 1963. It contains a breakdown of the military aid that went to each country in Latin America in fiscal year 1963. Of course, it is marked "Confidential." Therefore, I am unable to read it to the American people.

But I can report that of all Nations in the hemisphere, it was none other than the Dominican Republic that received the most military aid from us in proportion to its population. It received far more on a per capita basis than any other country.

What a harvest we reaped from that assistance. What a harvest the people of the Dominican Republic reaped

from it. With that military assistance, the armed services of the Dominican Republic slaughtered a free, elected, constitutional government.

Look at the other figures, if Senators will but come to my desk. The next largest recipients of military aid from us, relative to population, were Bolivia and Chile. It is an interesting thing to note that Bolivia remains one of the most unstable nations of the hemisphere, both economically and politically. She is a recipient of endless American financial aid. She is beneficiary of the Presidential contingency fund, for contingencies that plague Bolivia but which do not threaten the vital interests of the United States. She is the recipient of nonproject money, which means she gets it purely for budget support because the Bolivian budget must finance the nationalized tin mines. Because of the huge, inflated payrolls of those tin mines, her budget is grossly out of balance, and the United States makes up the difference, just as we do in Turkey with her socialized industries.

Yet, because of this tenuous economic condition, there are those who believe Bolivia is also threatened by internal communism. I suggest that the revolution that occurred in Bolivia in 1952 was a revolution of the extreme leftwing, if not actually a Communist revolution. It was then that the tin mines were nationalized. They have served ever since to provide jobs for the working people of Bolivia, even though the mines do not support those payrolls.

But Bolivia has already had a leftwing revolution. What useful purpose do we serve in sending her military aid now to seek to hold down by force the pressures that the revolution itself brought to Bolivia?

The two nations ranking next highest in the per capita military aid standings in Latin America are Nicaragua and Honduras. I need not remind Senators what the military forces in Honduras did with our military aid. They, too, murdered an elected government to prevent an imminent election from being held.

After Nicaragua and Honduras, the recipients of the military aid on a per capita basis were Paraguay, Peru, and Uruguay. There is another junta in that group—the military junta of Peru.

Colombia, Guatemala, and El Salvador rank next in this list. Guatemala is still another example of a military coup which ousted an elected government.

Senators, Congressmen, all Americans, must face the fact that we are arming the military castes of Latin America to destroy civilian government. How can anyone reconcile that with our own beliefs, or with our objectives in Latin America?

I have been heard to say it many times, and I shall say it many times in connection with this bill: We do nothing in the world but further the causes of Castro and communism when we, or the governing classes of Latin America, reduce the choices of their people down to a choice between communism and military fascism. It is the game of Castro to force this choice upon the masses in Latin America, because he knows that eventually communism will triumph over

militaristic fascism. That is how Castro himself came to power. He knows very well that when any people are suppressed in their political and economic activities by a police state, backed up by tanks and other weapons, they will turn to equally extreme and violent measures to throw off that suppression.

The Communist cadres in Latin America have their greatest opportunities in those countries run by military police states. The whole reason for the Alliance for Progress was to give the 240 million people of the continent to the south of us a chance to make some economic and social progress by peaceful and progressive means. The military juntas are every bit as much an enemy of the Alliance as are the Communists. Neither faction wants to see the changes envisioned by the Alliance accomplished. Their reasons are quite different: The Communists do not want the Alliance to succeed because they want to appear to be the only vehicle whereby the people of Latin America can improve their standard of living. The military castes do not want conditions to change at all. For them, the Alliance is as much a threat to their privileged existence as are the Communists.

We ought to take notice of where large numbers of the sons of the oligarchs go. They go into the military forces. They are a part of the military caste system. The sad fact is that large numbers of the oligarchs take advantage of American foreign aid in Latin America. To the extent that it does help in some economic conditions, frequently the chief beneficiaries are the oligarchs. By and large they profit economically and take the increased profits that come out of the expenditures of American foreign aid and invest them in New York and Swiss banks, and not in the future economy of Latin America. But we are expected to pour additional millions of dollars of taxpayers' money into Latin America to make more money for the oligarchs.

Too often that is the pattern, and that is why I say, most respectfully, to my President that when he talks in New York about doing something to help the poor, we must see to it that our foreign aid is not so used by the rich that they grow richer and the poor become poorer. Indirectly, it is true it may help them; but the indirect effects are unimportant.

Indirectly, I believe that the amendment of the Senator from Alaska, of which I was proud to be a cosponsor, and the wonderful cooperation it received from the Senator from Arkansas [Mr. FULBRIGHT], chairman of the committee, and from the majority whip, the Senator from Minnesota [Mr. HUMPHREY], in modifying the amendment in a manner that would be acceptable to the chairman of the committee and the whip, are among the most important things we have done in connection with the entire foreign aid program.

By this amendment, if it remains in the bill when it is finally adopted in conference, the United States, as a matter of policy, announces that there will be no more military aid to Latin America, save and except when the President finds it is in our interest and in the interest

of the country concerned, from the standpoint of defense of the hemisphere, and so reports his reasons to the Congress.

As will be seen from several communications I shall read shortly from some of our best friends in Latin America, it will take the tremble out of their knees. Some of our best friends in high places in Latin America have been trembling as a result of their fears concerning what may happen to their governments if military juntas decide to use American heavy military equipment to overthrow their governments, as has been done so frequently in the past in other places.

I cannot congratulate the Senator from Alaska and the Senator from Arkansas too highly. Congratulations are due them for writing into the bill the policy contained in the amendment.

Under this amendment, if aid is necessary, and the President so finds it is necessary to provide internal security for defense and economic needs, the amendment makes it possible.

As I said before, when we were trying to make an adjustment in the amendment, what is needed in Latin America is not Sherman tanks, not mile upon mile of heavy artillery equipment, not jet planes. What is needed is small arms, rifles, machineguns, tear gas, and helicopters to protect a country internally from a possible Communist uprising.

That intention was brought out as we made the legislative history at the time the Senate adopted the amendment. Under the amendment, aid for these purposes is available.

Mr. President, that is worth much more than a \$10 million cut from a \$50 million aid program as it came from the committee, which cut I was about to propose.

It is worth much more than that in the savings we could make, because psychologically it will be a great thing for Latin America, and it will be a great thing for the United States from the standpoint of the resulting good will that will come from the adoption of the amendment. That is true of all of Latin America. It is not possible to buy such good will. Therefore I am pleased and proud that I had a little part to play in my conversations with the leaders and with the Senator from Alaska which resulted in the adoption of the revised amendment.

The Senate, the Congress, and the United States have been firm in cutting off aid to Cuba because we see no point in assisting a government that is subverting much of the hemisphere and the United States, too. Yet we make it possible, through misguided military aid, for the oligarchies, backed by the power of their military establishments, to subvert the Alliance for Progress.

This amendment to reduce the ceiling on military aid goes hand in hand with my proposal to cut off entirely aid to juntas that overthrow elected governments.

Later this afternoon I hope to be able to present to the Senate a modification of my junta amendment with the approval of the administration which, if accepted by the Senate, will have as helpful an effect in regard to the junta issue in

Latin America as the amendment of the Senator from Alaska has in connection with military aid.

By sending military aid that cannot be used for any hemispheric defense, that cannot be used against any Communist guerrillas or street fighters, by sending military equipment that only enables a military faction to shoot up a city or bombard a presidential palace until its occupant is killed or surrenders, we are undoing with one hand what we try to build up in Latin America with the other. It is a great irony that the same taxpayers are paying for both programs.

In areas of tax reform, land reform, interest rate, and budget reform, as in many other areas, Latin American efforts to live up to the pledges of the Punta del Este conference have fallen short. Self-help is proceeding at a disappointingly slow pace. But of all the reverses and failures of the Alliance—and the United States is responsible for some of them, too—the most shattering and potentially dangerous is the recent series of military coups d'etat against legitimate governments.

The number of military or military-backed dictatorships in Latin America has almost doubled since the Alliance was launched, increasing from four to seven in a little over 2 years. There have been four coups d'etat in 1963, in Ecuador, Guatemala, Honduras, and the Dominican Republic.

It may be, as has been suggested, that these military coups are merely rearranged actions of a dying old order, but it may on the contrary be that they are profound political retrogressions from the principles of Punta del Este. It is quite possible that we are seeing the oligarchies of Latin America turning their backs on peaceful progress, choosing to take their chances on communism rather than fulfill the obligations they undertook when they entered into the Alliance for Progress.

At best, they are a tactical setback in the democratic revolution of Latin America; at worst, they will destroy the Alliance and serve final notice upon the great booming masses of its people that they are reduced to the alternatives of communism or military fascism.

The United States, too, must make up its mind what it really wants to accomplish in Latin America. We, too, must decide whether we are going to base our policy on the assumption that is widespread in many parts of this country, including very high places in the Departments of State and Defense, that Latin people are incapable of self-government. It is a widespread assumption that they are not now and probably will never be good for anything but military rule, autocratic rule, the kind of government that directs their lives from above and tells them what to do economically, politically, and socially.

I have heard variations on that line many times. I have heard men experienced in international affairs shrug at the problems of Latin America, and tell me that they never have had a legal system or a social or economic system that would permit the kind of peaceful progress envisioned by the Alliance for Progress. I have been told, "People have al-

ways lived under military dictatorships in Latin America and they always will. They don't know how to govern themselves any other way."

That is the kind of talk that Castro likes to hear from us. That is the kind of policy he likes to have us follow, too. And we do follow it when we go on building up military factions there with our free military equipment, and when we go on doing business as usual under the Alliance for Progress with military juntas.

I am not asking Senators to interfere with what kind of governments these people choose for themselves. I am not advancing any policy of intervention in how Latin American countries are governed. But I am saying that we have the duty to decide how American money shall be spent down there, and for what purposes. Cutting off aid to a junta is not U.S. intervention. Reducing somewhat our level of military aid is not intervention. Aiding nations that want to help themselves and help advance the living conditions of their people through democratic institutions is not dictation to them. It is not an effort to force Anglo-Saxon institutions upon Latin peoples, as some of us are accused of doing.

What I am calling for is a policy of pragmatism. I believe the evidence of recent history in Latin America is very clear, and that it compels us to reach the conclusion that putting American taxpayers' money into Latin American military machines and into the perpetuation of oligarchies is pure waste. If we go on doing it, communism will sweep the hemisphere, anyway. We cannot build a barrier to communism in Latin America with nothing but American dollars. Neither can we build it with tanks and jet aircraft. We can only build that barrier with the institutions that the people there must erect themselves. All we can do is contribute a little of the capital it takes, and not very much of that.

The amendment of the Senator from Alaska, which, so far as I am concerned, eliminates any necessity for my amendment, which would seek to cut an additional \$10 million from military aid for Latin America, now gives us a new opportunity, a changed opportunity, and gives to free nations in Latin America a different opportunity, too, because we say, "We will help you in the face of any threat to your internal security from the standpoint of Communist coups, from the standpoint of the Communist takeover which seeks to destroy a free government, but we are not going to damage you, and we are not going to weaken you; we are not going to put you in danger from a threat by giving the other kind of military aid that we have been giving for so long, which makes it possible for a military coup to build itself up and threaten the survival and the perpetuation of a free government."

Mr. President, we have a long way to go in Latin America. Sometime ago, the chairman of the Committee on Foreign Relations stated clearly that the Alliance for Progress would not be built in a few years—and it will not be if the Alliance for Progress grows into the fru-

ition of which it is capable. However, if we kill it before it starts to bud; if we discourage the people of Latin America before the Alliance for Progress blossoms, we shall lose Latin America, so far as having an effective ally is concerned. We will then be confronted with a conflict between military fascism and revolutionary communism in Latin America.

I am concerned about some of the happenings in Latin America among some of our so-called friends, such as Brazil and Argentina.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Brazil Plan for Alliance Is Rejected at Parley," published in the Washington Evening Star of today, November 14, 1963.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRAZIL PLAN FOR ALLIANCE IS REJECTED AT PARLEY

SÃO PAULO, BRAZIL, November 14.—A U.S.-backed proposal to give Latin Americans greater responsibility in direction of the Alliance for Progress apparently faced smoother sailing today after general rejection of a Brazilian plan to bring in as many European contributors as possible, including even the Communist bloc.

Diplomats said the Brazilian proposal won only Bolivia's support from among the 20 nations attending the Inter-American Economic and Social Council session.

There was no official U.S. comment, but most Latin American delegates privately censured the proposal, circulated quietly among delegates to sound out their reaction. As a result of the cold reception, the Brazilians decided not to submit their plan to a working committee.

AIMED AT U.S. PLAN

The Brazilian proposal apparently was intended to torpedo the U.S.-backed plan to create a seven-nation coordinating committee to pass on aid projects and give Latin Americans more influence in overall control of the multibillion-dollar economic and social development program.

The Brazilians reportedly had still another maneuver in reserve. Informants said Brazil has indicated that if the seven-nation committee is approved, it will insist that the action be ratified by the congress of each member nation. This could delay formation of the committee for several years.

The Brazilians argued that the seven-nation committee would only impede the aid program by increasing redtape. But many delegates, particularly those from smaller countries, agreed that Brazil's opposition was based on the feeling that she would be reduced to the level of other nations applying for aid funds and that a mostly Latin American committee would be less sensitive to political considerations than the United States has been.

FIRM U.S. BACKING

U.S. Under Secretary of State W. Averell Harriman, head of the American delegation, placed U.S. support firmly behind the proposed committee yesterday and said if the program to accelerate Latin America's economic growth is lagging, it is largely Latin America's fault.

Mr. Harriman said that since the Alliance for Progress was launched 27 months ago, the United States has poured out \$2.3 billion.

"Within Latin America," he declared, "there have also been delays in establishing effective planning machinery, in mobilizing domestic resources, in establishing priorities, and above all in the development of well-conceived and technically sound projects."

Mr. Harriman said the Alliance needs "a greater multilateralization of effort and strengthened political leadership." He said the proposed committee, "under the leadership of a distinguished Latin American chairman, can and should give a vigorous new impetus to our common efforts."

Mr. Harriman's 45-minute speech was warmly received, even by the chief Brazilian delegate, Finance Minister Carlos Alberto Carvalho Pinto.

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "Brazil Suggests All Nations Join Alliance Giving," published in the Washington Post of November 14, 1963, dealing with a proposal invitation to other nations, possibly even the Soviet Union, to contribute to the Alliance for Progress.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRAZIL SUGGESTS ALL NATIONS JOIN ALLIANCE GIVING

SÃO PAULO, BRAZIL, November 13.—Brazil is sounding out Latin American nations on a suggestion to invite other nations, possibly even the Soviet Union, to contribute to the Alliance for Progress, informed sources said today.

They said first reaction was cool from other delegations attending the Inter-American Economic and Social Council session in São Paulo.

Many delegates obviously fear that the opening of the Alliance to those outside the Western Hemisphere would endanger U.S. financial support. The United States is committed to give Latin America economic aid to the tune of \$10 billion over 10 years.

The Brazilian paper circulating among delegates was said to be an explanation why Brazil opposes the present plan to create a seven-man coordinating committee to spend Alliance aid.

The sources said Brazil's plan is not in the form of a proposed resolution but merely is advanced as a suggestion.

The idea would be to internationalize the Alliance for Progress program, now strictly United States-Latin American operation. One highly placed informant said the plan would open the Alliance to all comers, including the Soviet Union if necessary.

This is the Brazil plan as reported: All Latin American countries would contribute a total of \$1 billion a year to the Alliance program; the United States would contribute \$1 billion; then other countries would also be invited to participate.

Last week at a meeting of Alliance experts, Brazil opposed the generally agreed upon plan to set up a seven-nation inter-American coordinating committee.

The Brazilian paper now in circulation is said to argue that the committee would only increase the redtape and bureaucracy that Brazil insists is holding up the program now. Officially, the conference took no notice of the Brazilian proposal.

The Alliance came in for criticism from Bolivia's Roberto Jordán Pando, who claimed that the aid program was being bogged down by U.S. bureaucracy.

Bolivia also joined Brazil in opposing the creation of the seven-nation inter-American Alliance Committee.

However, the committee plan was supported by U.S. Delegation Chief W. Averell Harriman.

He conceded that no one is "wholly satisfied with the progress of the Alliance program," but he said much more has been done than often is recognized by public opinion.

While backing the creation of the seven-man Alliance committee, Harriman indicated

that the United States would accept modifications of the plan.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I shall hasten this discussion by asking unanimous consent to have printed at this point in the RECORD a letter dated October 5, 1963, from Jose Figueres, former President of Costa Rica, in support of the principle that I have upheld in regard to juntas and military aid.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HARVARD UNIVERSITY,
FACULTY OF ARTS AND SCIENCES,
Cambridge, Mass., October 5, 1963.

Hon. WAYNE MORSE,
The Senate, Washington, D.C.

DEAR SENATOR MORSE: Congratulations on your stand on the Dominican and Honduran crises.

In the New York Times, October 5, page 1 continued, Tad Szulc says that the U.S. military mission encouraged the coup in Santo Domingo.

This is what is happening everywhere. The military call communism any social reform, and act independently.

It is a waste of time, money, and health to try to do anything wholeheartedly until the U.S. Government adopts a uniform policy toward social reform through elected governments.

Sincerely,

JOSE FIGUERES.

Mr. MORSE. I ask unanimous consent to have printed at this point in the RECORD a telegram I received from Francisco J. Orlich, President of Costa Rica, dealing with my position in regard to military juntas and military aid.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

SAN JOSE, COSTA RICA,
October 17, 1963.

Hon. Senator WAYNE MORSE,
Chairman, Foreign Affairs Subcommittee for Latin America, U.S. Senate, Washington, D.C.:

Congratulations for your magnificent stand against military coups in Latin America. Your fight is considered necessary and with due respect I beg you to maintain the same effort until we can consolidate democratic regimes in Latin America. My Foreign Minister will see you next week in Washington.

Respectfully,

FRANCISCO J. ORLICH,
President of Costa Rica.

Mr. MORSE. Mr. President, under date of November 2, 1963, I received the following cablegram from three members of the Senate of the Dominican Republic:

[Translation]

SANTO DOMINGO,
DOMINICAN REPUBLIC,
November 2, 1963.

Senator WAYNE MORSE,
Washington, D.C.:

Today Dr. Juan Casanovas Garrido, President of the Republic in accordance with the Constitution, was arrested, wounded, and

beaten by repressive forces. Senator Mella also is under arrest and treated with lack of consideration. Once more human rights are trampled in this country by usurpers of power. Would that it were possible that the committee over which you preside might intervene with the appropriate organ so that the Human Rights Commission might be sent with the purpose of ending the persecution and outrages against the citizens and legitimate representatives of the people.

Cordial regards,

MORA OVIEDO,
Senator.
ESPINAL HUED,
Senator.
CASMIRO CASTRO,
Senator.

That letter was from three Senators of the Dominican Republic Senate. A sordid tale is told of the persecutions and denial of civil liberties and human rights practiced upon many persons in the Dominican Republic as a result of the junta. Thus there can be no denial of the position which the senior Senator from Oregon has taken in opposition to any assistance to that junta until constitutional government is returned.

I ask unanimous consent to have printed at this point in the RECORD, without taking the time to read it, a letter to the editor of the New York Times from Miguel Ydigoras-Fuentes, Constitutional President of Guatemala, dated November 6, 1963, and published in the New York Times of November 13, 1963.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GUATEMALA UPSET SEEN—OUSTED HEAD BELIEVES OPPOSITION IS RISING TO REGIME

TO THE EDITOR OF THE NEW YORK TIMES:

Although I do not agree with all of Paul Kennedy's appraisal of the present political tragedy of the Guatemalan people, he deserves praise for his November 3 news article "Guatemala Chief Facing Pressure," for it sheds light on the tragedy.

Some of the business sector accused my administration of being inept and corrupt, as your correspondent states, but that was due to the agrarian reform, the first income tax law and other social measures adopted by my constitutional government, which greatly affected the vested interests of the wealthy in Guatemala. They went so far as to imply that I was also a pro-Communist in disguise.

The opposition to Col. Enrique Peralta Azurdia's de facto and dictatorial regime is certainly growing, as I predicted. It should be borne in mind, however, that the despotic regime never did enjoy a wide and deep-seated popular appeal. That is the reason why it abolished the Constitution, eliminated Congress and converted Guatemala into a police state.

Almost all political parties, as Mr. Kennedy's article points out, are bitterly against the present de facto regime, opposing by all means at their disposal the brutal internal policies and the senseless international measures adopted by Peralta and his associates in crime.

INCREASED TERRORISM

Terrorism and guerrilla warfare have increased lately. Both have been so great, in fact, that on several occasions road and other communications have been severed between Guatemala City and other points in the interior, notably the northeastern seaboard. Military unrest has been growing despite Colonel Peralta's attempt to court the affection of younger military officers and more liberal-minded military that remember with shame their oath to defend the Con-

stitution. This unrest is bound to increase until the tyrannical regime is overthrown.

Hundreds of Guatemalans are in prison.

Undoubtedly, the more than 200 petitioners who signed the recent political memorandum are extremely brave citizens, who deserve the gratitude of the whole nation. It is imperative, as they urge, to put an end to the de facto regime with its military clique, who believe that free institutions always lead to chaos and, in the end, to communism.

The only legal solution is to return to constitutional government, calling the Vice President (First Designate) to rule the country and in accordance with our National Constitution, article 165, to call for presidential elections in the next 4 months, supervised by the Organization of American States. Guatemala deserves this solution in order to benefit from such great undertakings as the Alliance for Progress.

MIGUEL YDIGORAS-FUENTES,

Constitutional President of Guatemala.

MIAMI, FLA., November 6, 1963.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter dated October 5, 1963, that I received from Miguel Ydigoras Fuentes, constitutional President of Guatemala, in support of many of the positions I have taken.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SAN MARCO ISLAND, MIAMI, FLA.,
5 de Octubre de 1963.

HON. WAYNE MORSE,
U.S. Senator from Oregon, Chairman, Latin American Subcommittee, the Senate of the United States, Washington, D.C.

DEAR SENATOR MORSE: Since our last conversation in the middle of the summer, when we exchanged points of view regarding the military coup in Guatemala which ousted the legitimate Government I had the honor of presiding, in accordance with the mandate of the majority of Guatemalans expressed in the free elections of January 1958, other military takeovers have occurred in Latin America and the social-political situation in Guatemala has gravely deteriorated.

My own struggle against communism is, I believe, well known in the United States and in Latin America. It is, I am sure, recognized by the political leaders in your country and by many Latin Americans who have the responsibility of government. It is stated in my book: "My War With Communism," Prentice Hall (July 1963).

I say this because the American Continent must, on the one hand, repudiate the imperialist and aggressive policies and purposes of the international Communist movement, and, on the other, condemn in no uncertain terms the objectives and the methods of the right extremists, since they are intrinsically antagonistic to the democratic aspirations of the peoples of the Western Hemisphere and destructive to their free institutions.

As it happens with any human society, on occasions legitimate and democratic governments commit errors in procedure which, unfortunately, are greatly exaggerated in press dispatches. The Guatemalan press had been under censorship prior to 1958. The parties opposing my government and defeated at the polls, began, by means of the freedom of the press I imposed, a vicious campaign against my government, never seen before. One thing is to correct the mistakes that might be committed in a democracy, and quite another to take advantage of the freedoms of democracy to destroy it.

During the past 2 years, the Inter-American community has come to realize that "political" and "social" democracies must go hand in hand, because they mutually complement each other. This realization has received great impetus, in my opinion, thanks to the courageous and dynamic leadership

of President John F. Kennedy. I am referring specifically to the Alliance for Progress, that gigantic and multilateral effort destined to raise, in the social and economic fields, the standard of living of millions of Latin Americans. You may recall my own efforts, initiated during the first semester of my term in 1958, to accelerate the economic integration of the Central American Republics; and President Kubitschek's vast plan which he entitled "Operation Pan America," of the same year. But it is also true that without President Kennedy's understanding of the problem and without his complete support, the Alliance for Progress would not have been established at Punta del Este, on August 17, 1961.

The Alliance is a most ambitious program, but it must be implemented, as the "Declaration of the Peoples of the Americas" reads, in a free climate, with free institutions, always respectful of human rights. If it were otherwise, as the Communist claim to be doing in the enslaved island of Cuba, the joint effort would make a mockery out of representative democracy and, in the end, it would be completely useless.

The military that overthrow legitimate, constitutional and democratic regimes in Latin America do so ostensibly on many grounds, but in fact because they abhor the democratic way of life, free and constructive dialog, and the right to dissent from the philosophy that guides any government or the means used to achieve the ends sought. To them the multiplicity of political parties, the establishment of labor unions and the free expression of opinion, for example, are characteristic of "decadent" societies, and roads which inevitably lead to chaos and anarchy. This is the outlook—very primitive indeed—of the extremists of the right, of the totalitarians a la Hitler and Mussolini. In other words, their outlook is completely negative and obstructionist; and, what is worse, they form a close and fraternal alliance with every other bitter enemy of democracy in that they wish democracy to fail. They pretend to stay in power by pointing out, falsely of course, that the sole alternative to Communist rule is military misrule and oligarchic reaction.

Some have advocated that dictatorship and de facto governments should be excluded from participating in the Inter-American System. A year ago, at the Organization of American States, several Latin American democratic countries introduced a resolution to have a Meeting of Consultation of Ministers of Foreign Affairs discuss that possibility. Although my Government was naturally sympathetic to the initiative, it instructed its Permanent Mission not to vote affirmatively because (1) it was uncertain as to the effectiveness of the step proposed and (2) it believed that other measures (joint breaking of diplomatic relations and collective economic sanctions, for example) could be taken outside the Inter-American System, in a less formal but more effective manner. What my Government had in mind, my dear friend, was to consult with other legitimate governments as to the possibility of "continentalizing" Article II of the Central American Treaty of Peace and Friendship, signed in Washington on February 7th, 1923, through which de facto and unconstitutional regimes would not be recognized diplomatically.

What the Latin American community needs, in my opinion, is to intensify its economic development and to greatly accelerate social justice, before it is too late, but certainly preserving—in the process—the fundamental rights of man. It is intolerable to have any part of the population pass dogmatic judgment on the desires and needs of the majority; and much worse if any popular sector denies, through undemocratic means, the wishes of other popular sectors. If a group of Colonels believes that the legitimate government, freely elected by the

people, is conducting its business in an ill-mannered fashion, the thing for its members to do is to resign from the Armed Forces and enter politics, observing—as any one else—the rules of the game. When they usurp power and oust a democratic and constitutional government, no matter what pretext they might advance for their action, the international community should react with energy, vigor and indignation—sanctioning their ill-conceived and ill-executed performance.

In normal times, the international family of nations suffers immensely when a democratic regime is decapitated. In this atomic era, when years are reduced to weeks and months to minutes, any democratic setback is much more dangerous to the community because it affords its enemies an excellent opportunity to give the West a major setback in international politics.

As to the present situation in Guatemala, the de facto and dictatorial regime has openly and defiantly violated the Charter of the United Nations, the Charter of the Organization of American States, the Universal Declaration of Human Rights, the American Declaration on the Rights and Duties of Man, the Declaration of Santiago de Chile of 1959 and most of the instruments pertaining to the rule of law and the protection of fundamental freedoms. It has converted the country into a terrible police state.

Colonel Enrique Peralta and his associates in crime have ruthlessly suppressed the freedoms fully enjoyed by the Guatemalan people under my administration. Monstrous laws have been decreed. Congress has been abolished. Habeas corpus has been eliminated. An indefinite stage of seige exists in the country. Military tribunals judge ordinary offenses (called, by the ruling and reactionary clique, seditious and subversive). Hundreds have been jailed, and many mistreated before being sent into exile in foreign but friendly lands. There is a growing list of Guatemalans being summarily shot. The pardon as in Cuba, is becoming a national institution. Freedom of expression is not only a myth: it is admittedly nonexistent. High schools have been militarized. Social progress has come to a complete stop.

I denounced all these terrible violations to the Inter-American Commission on Human Rights, in late August, and requested that body to investigate the charges and take appropriate measures. In statements and letters to the press I have warned that repressive measures are on the increase and that the hatred of the Guatemalan people for the present regime is growing. Guatemalans, from every walk of life, are responding to the situation with greater acts of bravery, and even with terrorist acts and increased guerrilla activities, because there is no solution in sight.

Not a word has been said officially about general elections. And even if they were convoked, there is absolutely no guarantee that they would be free. As a matter of fact, they could not be, unless a new government took over and conducted itself fairly, restoring the fundamental freedoms which have been trampled over by the military boot.

Colonel Peralta's regime has not only defied the sovereign will of the Guatemalan people, but—with incredible audacity and impunity—has defied all the American Continent. Its contempt for the opinion of democratic leaders of the Americas has no bounds.

Should you wish, my dear Senator MORSE, to distribute copies of this letter to your distinguished colleagues in the Latin American Subcommittee of the Senate of the United States and, particularly, to my good friend Senator BOURKE B. HICKENLOOPER, of Iowa, you may do so without any hesitancy. If, however, you desire to include it in the CONGRESSIONAL RECORD, feel free to do so.

With every good wish, I remain affectionately yours.

MIGUEL YDIGORAS FUENTES,
Constitutional President of Guatemala.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter I received from Luis Tovar, a senator of Venezuela, under date of October 17, 1963, in support of the position I have taken on the military issue.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Translation]

(NOTE.—This letter was written in "telegraph style"—the tie-ins were provided by this translator.—E.H.)

REPUBLIC OF VENEZUELA,
SENATE,

Caracas, October 17, 1963.

[DEAR SENATOR:] Your noble fight in the U.S. Senate against military coups in Latin America has earned the gratitude of the Venezuelan workers and people. You are now showing the best democratic traditions of the American people.

I feel I interpret the democratic feelings of the Venezuelan people by congratulating you upon your affirmation of understanding and friendship. Simultaneously I implore you to continue your interest in the development and stability of democracy in Latin America, which is the only road leading to the sure defeat of communism's international conspiracy and of the remaining native oligarchies.

Cordially yours,

LOUIS TOVAR,
Senator and President of Fedepetrol.

Translated by Elizabeth Hanunian, October 24, 1963.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a cablegram I received from Luis Muñoz-Marín, of Puerto Rico, who is a great friend of the United States. Governor Muñoz-Marín shares the fears and the concern I have expressed concerning juntas in connection with our military aid program.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HON. WAYNE MORSE,
U.S. Senate, Washington, D.C.:

I have just sent the following cable to President Kennedy regarding Santo Domingo situation: The United States faces a problem, a challenge, and an opportunity. As a citizen and as a neighbor of the Dominican people I feel it my duty to make my views known to you.

I unreservedly favor taking a hard line toward the usurping government of Santo Domingo. No recognition, no economic aid. A soft line would result as I see it in the following:

1. A further demonstration of the powerlessness of the United States to support the democratic governments in the hemisphere;
2. A chain reaction of military coups in Latin America (Honduras is now said to be on the verge);
3. A shot in the arm for communism as the Batista dictatorship in Cuba turned out to be;
4. Deprive Alliance for Progress of a number of democratic partners compelling United States to deal with the oligarchies that oppose the reforms that are the basis of the Alliance;
5. Depend on military usurpation to combat communism instead of depending on democracy;
6. Allowing to lapse the opportunity of using the Santo Domingo situation for a

stronger policy orientation under very favorable psychological circumstances.

A strong line would refuse to recognize the stability of infamy as "stable government" and demand thorough respect for the freedom of the Dominican people to have their own democratically chosen government. I believe that such steadfast position on the part of the United States would strengthen democracy in Latin America immeasurably and that the puppet government and its military masters would crumble and open the way to action both viable and honorable in Santo Domingo.

Respectfully,

LUIS MUÑOZ-MARÍN.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter from a former Senator of the Dominican Republic, Dr. Anibal Campagna, from the province of Santiago. It was sent to a newspaper in the Dominican Republic with the request that it be published.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Translation]

SEPTEMBER 28, 1963.

Mr. RAFAEL HERRERA,
Director of Listin Diario
Santo Domingo, Dominican Republic.

DISTINGUISHED FRIEND: I am writing to ask you to be so kind as to publish this letter in the honest newspaper which is being managed by you with great dignity. I shall explain myself:

It so happens that on September 26 of this year I called in person at the offices of El Caribe and made some statements to Victor Marmol, a reporter, with the request that they be published immediately, and he promised that I would be accommodated without fail. Yesterday morning, when I saw that my statements had not come out in El Caribe, I telephoned that same reporter to ask him for an explanation. Mr. Victor Marmol told me, in effect, that he could not explain to himself what had happened.

The statements which I made to the newspaper El Caribe were more or less the following: On September 25, at about 9 o'clock in the morning, when I wanted to enter the building of the National Congress, to take my place as Senator with which office the Province of Santiago had honored me, several members of the National Police arrested me and took me to Fortaleza Osana where I was detained, together with other Members of Congress, until 5:30 o'clock in the afternoon. In those statements I had expressed my indignation not only because of the fact of my arrest, but especially because of the act of insurrection which they had just consummated, destroying that freedom for which I had been fighting for such a long time. I ended my statements by calling on the Dominican people not to lose their faith in the future and their confidence in democracy, because though freedom might have momentary setbacks, it would never perish.

Those were more or less my statements that day; but now I want to say a few additional words:

All the Dominican people know with what enthusiasm and energy I was performing my senatorial duties while I held that office of which I was very proud because it had been conferred on me, in free elections, by the people and not by the force of machine-guns. I fought in that Congress, to the point of exhaustion, defending the Constitution and law and order on many occasions, when I felt that the majority party which was in power was violating the Constitution and the freedom (of the people). I will never be able to support the men who have destroyed the legal state of this country's law and order.

That is precisely why, in March of this year, I declared myself Independent, leaving the ranks of the National Civic Union, my party of origin. I did so in conjunction with some other members of that party, because I became convinced at that time that the tendency of their principal leaders was pro-coup d'état, and I was for freedom and for law and order. The events which have just saddened our poor country have proved that I was right. Finally, the leaders of the pro-coup parties have attained by force, what they would not be able to attain by law: to enter the palace.

There is no hatred or bitterness in my heart; it is filled only with sadness and pain, but with much pain, not only for the sake of the Dominican people but also for those men who managed the insurrection and who now continue to give it moral and material support.

I read with great interest the editorials which you have been writing on the political situation of the country and on the latest events; I can only congratulate you and tell you that the real, honest, and disinterested Dominicans understand and applaud you. May history be the judge.

Therefore, I humbly reiterate to you my request for the favor of publishing for me this letter, responsibly signed by me, in Listin Diario, because it states my political position and I want to put it on record for the future.

Your friend,

Dr. ANIBAL CAMPAGNA,
Ex-Senator for the Province of Santiago.
Translated by Elizabeth Hanunian, October 16, 1963.

Mr. MORSE. Mr. President, I have visited Latin America a number of times. I have spoken with many persons in many parts of Latin America, including many officials. I spoke with numerous members of various delegations, not only from Latin America, but also from many other parts of the world, at the time I visited Peru, earlier this year, to attend the inauguration of the new President. One of the strong impressions I carried away from that inauguration was the almost unanimous opinion that delegates from embassies and delegates specially appointed by the heads of their governments expressed to me an opposition to the type of military aid that we have been giving to Latin America.

Also, they expressed deep concern about the fact that in the minds of many, the U.S. Government is linked with the support of military juntas. Later this afternoon, I shall offer my amendment on military juntas.

I close my argument now by asking the chairman of the Committee on Foreign Relations to hear me through on the purpose of the amendment that is now pending.

The committee amendment authorizes an additional appropriation under Public Law 86-735 of \$175 million. This amount compares with the request of the administration for \$200 million. The authorization is on a no-year basis and is intended to supplement the initial authorization, now exhausted, of \$500 million.

Most of this \$175 million is intended to replenish the Social Progress Trust Fund of the Inter-American Development Bank, with a small amount to support development programs run by the OAS.

The SPTF is used to foster improvements in housing, land reform, sanitation,

tion, water supply, education, and tax reform. As of December 31, 1962, the SPTF had made 53 loans totaling \$320,562,000. These loans are intended to support social reform efforts undertaken by the Latin American countries themselves.

This is dealt with on page 38 of the report, where we find that the committee advises the Senate that the trust fund was created under a trust agreement between the United States and the Inter-American Bank. Under the trust agreement, the SPTF is commissioned to support the social reform efforts of Latin American countries which are prepared to initiate or expand effective institutional improvements and to employ their own resources prudently and efficiently. Countries participating in the Alliance for Progress are represented in the SPTF under a system of weighted voting.

Then the report states:

In signing the trust agreement under which the Inter-American Development Bank was vested with the responsibility for administering the Social Progress Trust Fund, it was the intent of the United States, and of the Bank, that the Fund would be used to encourage maximum self-help efforts on the part of the participating countries, and that the countries themselves would reform existing institutions and practices which impede economic and social progress, especially in the fields of ownership and use of land, education and training, health and housing, taxation and other aspects of the mobilization of domestic resources. It is clear, further, from the agreement that the performance of the borrowing countries is intended to be a primary criterion for the making of loans.

In view of the disappointing performance of many Latin American countries in the area of reform and self-help, it cannot be said that they have, on the whole, fulfilled the requirements of the trust agreement.

For this reason, I do not believe that the amount authorized for the SPTF by the bill as reported from the committee for Public Law 86-735 can be justified. I urge, therefore, that the proposed authorization be reduced by \$20 million—from \$175 million to \$155 million.

I point out that because of the lapse of time that has already occurred and because of the additional lapse of time before the final appropriation will be made, this authorization amount can be safely reduced.

When these countries do a better job of self-help, if they do, there will be no difficulty with me in enlarging the fund commensurate with the self-help programs which these countries develop in connection with the authorization bill of next year. After all, this being November, that is not very many months away.

So I urge the Senator from Arkansas to accept this amendment, which calls for a \$20-million cut. No program will be damaged by the amendment; no loan in the offing will be prevented by the making of this cut.

In addition, I think this is the kind of warning and lesson we should send to our Latin American neighbors, so as again to make clear that the determination of Congress is that the United States will help with the Alliance for Progress when there is a little more self-help by them.

If this amendment is adopted, so far as I am concerned, it will be the last of my attempts to offer money amendments, because it and my other amendments will make a total saving in this bill, as compared with the bill as reported from the committee, of an even \$500 million.

Mr. FULBRIGHT. Mr. President, I have considered the Senator's amendment, and I am perfectly willing to have the Senate vote on it now.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon to the committee amendment, as amended, in the nature of a substitute.

The amendment to the committee amendment, as amended, was agreed to.

Mr. MORSE. Mr. President, I move that the vote by which this amendment to the committee amendment, as amended, was agreed to be reconsidered.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I thank the chairman of the committee very much for his cooperation. As he knows, this has not been a happy situation for me—in finding myself in opposition, in connection with some amendments, to my good friend, the Senator from Arkansas.

AMENDMENT NO. 297

Mr. GRUENING. Mr. President, I have a number of amendments which I hope the chairman of the committee will agree to accept.

First, I offer to the committee amendment, as amended, my amendment No. 297.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 51 of the committee amendment, as amended, between lines 13 and 14, it is proposed to insert the following:

(k) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished.

Mr. GRUENING. Mr. President, this amendment was requested by the Comptroller General, and has already been included in the bill as passed by the House of Representatives. It is merely a provision that "no assistance shall be furnished under section 201, 211, or 251 of this act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

I think this is a desirable housekeeping amendment, and I hope the chair-

man of the committee will see fit to accept it.

Mr. FULBRIGHT. As the Senator from Alaska has said, the substance of this amendment is now included in the House version of the bill, and I believe the principle of the amendment has been lived up to. Therefore, I believe the amendment is unnecessary.

I hope the Senator from Alaska will not insist on having the Senate adopt this amendment to the committee amendment, because if this amendment is not adopted, this subject matter will be in conference, and that is desirable.

The Senator from Alaska has offered a number of amendments which propose the inclusion of language already in the House version of the bill. I do not believe these countries have refrained from agreeing to the making of such audits of the accounts. In one case—that of the Diem government, I believe—there was such a refusal; but that is about the only instance of which I know. In that case there was a very tense relationship, really during a state of warfare, in which that government failed to abide by these requirements. But I believe that today this requirement is lived up to, and it is the policy of the existing administration to do so.

I hope, therefore, that the Senator from Alaska will not press for a vote by the Senate on his amendment. If the amendment is withdrawn, this subject matter will be in conference.

Section 506 of the existing law provides, among other things, that—

(3) It will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the U.S. Government with regard to the use of such articles; and

(4) Unless the President consents to other disposition, it will return to the U.S. Government for such use or disposition as the President considers in the best interest of the United States, such articles which are no longer needed for the purposes for which furnished.

In the existing law there are several provisions which I believe add up to the same thing as the Senator's amendment, which merely provides that our representatives shall oversee the use made of the aid furnished to the respective countries.

A situation such as that existing in South Vietnam—during a very difficult warfare in which there were considerable differences between the Government and our Government—is unusual; but I believe the experience in connection with the developments in South Vietnam should be a warning to anyone who would not be inclined to agree to follow these provisions.

So I hope the Senator from Alaska will not press for action by the Senate on his amendment, although I agree with the sentiments he has expressed.

Mr. GRUENING. Mr. President, in view of the opinion of the chairman of the committee that withdrawal of the amendment will enable him to have greater latitude in the conference, I now withdraw the amendment.

Mr. FULBRIGHT. I thank the Senator from Alaska.

The PRESIDING OFFICER. The amendment of the Senator from Alaska

to the committee amendment, as amended, is withdrawn.

AMENDMENT NO. 296

Mr. GRUENING. Mr. President, I now call up my amendment No. 296, and offer it to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 51 of the committee amendment, as amended, between lines 13 and 14, it is proposed to insert the following:

(f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises.

Mr. GRUENING. Mr. President, this amendment is designed to eliminate the destructive competition which may exist between concerns in the United States and those in other countries as a result of our aid program. We have spent a great deal of money in financing the construction of steel mills all over the world, and they operate in competition with the U.S. steel industry, which now is operating far below capacity.

The same thing has been done in the textile industry. We have created paper mills, rubber plants, chemical plants, aluminum plants, and much else. Those dollars actually cause such industries to compete seriously with ours at a time when we have considerable unemployment.

The amendment is a moderate one. It also repeats the language of the House bill. In view of the fact that there could be no objection to the principle of the amendment, I hope the chairman will see fit to accept it.

Mr. FULBRIGHT. Mr. President, I believe this amendment is in a quite different category from the other one. First, the principle as applied in relation to the amendment is unworkable. Furthermore, one of the main purposes of the program in the past has been to help various countries develop their own private enterprise to the point at which they could be made self-sufficient. For all practical purposes, I believe the amendment would completely nullify a major part of the Development Loan Fund. It would be better to abolish the Development Loan Fund. I do not see how we can apply the principle, because practically every industry that is developed in any country is, to some degree, competitive with our own industry.

I do not believe the Senator really means that we ought to assist only in the growing of coffee, bananas, or a few

products of that kind which we do not produce. Such a limitation would nullify the whole objective of our program.

The amendment is objectionable on its merits. The previous amendment offered by the Senator from Alaska was not objectionable on its merits. I think it was unnecessary. There would be no objection to it, for we are abiding by its principle. But in the amendment now offered by the Senator, the following language appears:

(f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity.

Our industries go up and down in their activity. I am glad to say that most industries, with some exceptions, are operating at a substantially high proportion of their capacity. But next year, hypothetically, there may be a recession, and their production may decline. Their volume of business is a factor that varies from year to year and almost from month to month.

Furthermore, I believe that the objective of the amendment is wrong. We must compete with plants that we have helped to create. We believe in competition. At least we say we do. Our great task is to modernize our own industry in order to be competitive. I believe we can be competitive. In most fields I believe we are competitive. Here and there we observe cases in which modern mills, for a temporary period, may be more efficient than ours, but that is a continually changing situation, both in our country and abroad.

I object to the amendment on its merits. I could not agree to it. We shall have to oppose it.

Mr. GRUENING. Mr. President, under those circumstances, and in view of the arguments of the distinguished chairman of the committee, I believe I would prefer to leave him to wrestle with the conferees on the part of the House, which has adopted the amendment. I have pointed out the perils of our subsidizing foreign competition with our dollars against our industries. The subject will come up again when the next bill is considered. We shall then have a chance to reevaluate it. Therefore, I ask that my amendment be withdrawn.

The PRESIDING OFFICER. The amendment of the Senator from Alaska is withdrawn.

Mr. GRUENING. Mr. President, I call up my amendment No. 233 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 51, between lines 13 and 14, it is proposed to insert the following new subsection:

(f) No loan or grant shall be made under any provision of this Act to any country, or to any recipient therein, unless such country shall have agreed to exempt from all customs duties or other import taxes levied by such country any articles procured in the United States or any of its territories with the proceeds of such loan or grant, including any amounts thereof loaned by the original recipient to borrowers within such country.

Mr. GRUENING. Mr. President, it seems to me that when our country provides funds for the importation of goods into a foreign country, that country should not levy a duty on them. I believe that my proposal is reasonable. I should like to have the reaction of the chairman to the amendment.

Mr. FULBRIGHT. The amendment was submitted to and considered by the committee. The committee rejected it. The amendment would be an attempt to interfere in a most unacceptable way in the internal affairs of all the various countries involved. When we make a loan to a country for the purpose of the development of that country and they wish to buy something from our country, I do not see how that country could be expected to make special regulations because of the particular article purchased. It would also have the effect of inducing countries, wherever possible—unless the country were required to purchase the article from the United States—to buy from some other country.

The amendment is an attempt to interfere with what we generally believe to be the sovereign rights of every country to fix its own duties and import taxes. I believe that it would be resented by other countries, and would make it very difficult to operate the program. For all practical purposes, questions of taxes, and so on, are unrelated to the foreign aid program. Those questions should properly come under the reciprocal trade program and under tax treaties which we enter into with other countries.

If discriminatory taxes are imposed, of course, we should resent them. But we should try to solve that problem in the usual manner—through diplomatic negotiations and trade treaties.

For example, if a loan is made to a private enterprise in another country—which the act tries to encourage—for in many places it professes its devotion to private enterprise—that particular company would then receive a competitive advantage because of tax-free imports. We would get into some very strange situations. Suppose in a foreign country factory A did not receive a U.S. loan; it would have to pay taxes on materials it bought. Suppose it should import textile machinery, on which it would pay a tax. On the other hand, suppose that company B, which received a loan from us, should buy the same machinery from a manufacturer in this country under the terms of the amendment. Company B obviously would obtain a competitive advantage, which would cause great complaint in that country.

The amendment would be far-reaching in its effect and would intervene in the tax programs of the various countries involved. I honestly do not see how we could administer it. If we should attempt to administer and apply it, we would only create great resentment and make the administration of the program much more difficult than it is now.

One of the reasons why the program has run into difficulty in the past is the multiple restrictions placed by Congress upon the administration of the program. Those restrictions have made the program subject to criticism and resentment

on the part of the countries receiving help.

Any undue discriminatory taxes imposed by recipient countries ought to be protested. They ought to be fought by our country in the regular way. If the taxes are too discriminatory, I agree that we ought not to give that country aid. But to apply the requirement, as the amendment of the Senator from Alaska would do, as a condition of any loan, would go much too far and would not be workable.

Mr. GRUENING. I hope the RECORD will show that in the case of the amendment now before the Senate and the previous amendment dealing with competition, the AID administration will take these problems under serious consideration, and that when the Foreign Relations Committee draws up the foreign aid authorization bill for the next session of the Congress, it will take those questions under advisement, and take appropriate action.

In view of the chairman's views on the subject, and the making of the record, I withdraw the amendment.

The PRESIDING OFFICER. The amendment of the Senator from Alaska is withdrawn.

Mr. GRUENING. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 48, between lines 3 and 4, it is proposed to insert the following:

(m) No grant or loan shall be made under this Act to any country or area which is a colony of any other nation.

Mr. GRUENING. Mr. President, that amendment has not been previously submitted. The amendment would stop the giving of aid to the colonies of nations. We have been asking the powers of the Old World, including Great Britain and France, to take a larger part in the program. Yet in a strangely contradictory and paradoxical way we subsidize their colonies while they are still colonies. How can we justify that? We have given financial aid to British Guiana, to Surinam, which is Dutch Guiana, French Guiana, Hong Kong, and the remaining British colonies in Africa, and to the not yet free French possessions. I think that is all wrong. I believe the mother country should continue to send aid so long as its colonies are still her colonies. I question also the wisdom of precipitating ourselves into the aid picture in every new nation the minute that new nation is spawned. Certainly, so long as they are still colonies, I see no justification whatever why they should receive our aid. If aid is needed, it should come from the mother country.

In British Guiana, Cheddi Jagan, who is of rather doubtful character, came to the United States prior to his election and persuaded the AID administration to give him \$10 million. As a result, he went back to Guiana and was elected. He was elected as a result of telling the people that he was "in solid" with the United States and had \$10 million to prove it.

What happened? He created so much chaos that the British withdrew their proposal to give independence to British Guiana. It is still a colony. It is still in chaos.

Why on earth should the United States continue to subsidize colonies of that character?

I hope the chairman will accept this amendment. I believe it is a proper one. I believe it will hasten the liberation of those countries that should be liberated. If they should not be liberated, then the mother country should subsidize them, not the United States.

Mr. FULBRIGHT. I know of no substantial aid other than to Guiana, which is a special case to which I shall refer. With regard to British Honduras, we are not giving aid. We did at one time, but not any longer. As the Senator well knows, the British had committed themselves to make Guiana independent. The reason we had a special interest there was that the largest investments in British Guiana are American investments. Guiana is the original source of bauxite for the largest company in the country.

The hope was that, as a result of the transition, there would be a stable and viable country. But the situation has been so bad that the British have delayed or postponed the time for Guiana's complete independence, because of the danger of it becoming another Cuba.

The reason we put aid in there is the same reason we have a special interest in peace in the Middle East and in other places—because of substantial American investments. That is the only case I can think of which would fall within the restrictions sought by the Senator, in which any substantial amount is involved. We are not undertaking any substantial aid to any other country that I can think of.

What other countries besides Guiana does the Senator from Alaska have in mind?

Mr. GRUENING. They are not substantial, but I believe the principle is important. We are giving grants to the French colonial possessions and to Portuguese possessions which are still colonies of the mother country.

Mr. FULBRIGHT. But are they not purely in terms of very small technical assistance aid? Are they not an attempt by our Government to try to display its interest, looking to the time when those countries would be independent and we would have relations with them? Meanwhile, are we not largely trying to teach a few of the inhabitants to speak English, and nothing substantial in any case?

Mr. GRUENING. I believe the whole principle is improper. If technical aid is needed, why not let the mother country provide it? We have been urging mother countries to do more in their programs. They have disappointed our expectations.

Mr. FULBRIGHT. I know the French have given large amounts to their former colonies, because they have expectation of continued trade, and so forth. We have gone in on the theory that we expect to have relations with them. We want them to be friendly with us. We

have not spent substantial amounts in those cases that I know of.

I have asked my assistant here to look up those amounts, which he will do in a moment, unless the Senator already has them. I believe he will find that they are insignificant.

Mr. GRUENING. I believe the Peace Corps is one of the most outstandingly successful enterprises in our whole foreign aid program and I support it unqualifiedly. I believe it has done a magnificent job. In view of the exemption that has been made for the Peace Corps would not the proper procedure be, in these colonies—where the chairman says we hope to create a good atmosphere and are looking to the day of their independence, to be friendly with them and to teach our language—to use the Peace Corps, which is exempt from these provisions, and cut out all other forms of aid? I ask that as a matter of principle. I believe it is desirable.

The Peace Corps can furnish the technical aid and the teaching aid and all these other things. I believe that would be the finest kind of support for these colonies, which are not entirely happy under their present status. They look forward to independence. The Peace Corps could do this interim job. But I believe that other forms of aid are objectionable on principle.

The record is being made. I hope the Peace Corps can be encouraged to provide assistance. I understand we are considering the enlarging of the appropriations for the Peace Corps. That is a people-to-people contact, of the finest kind.

I hope that this amendment will be accepted.

Mr. FULBRIGHT. My efficient assistant, Mr. Holt, tells me that he is unable to find where such is being done. If the Senator has any figures, we might make a record here and recommend that it be stopped.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. MORSE. I do not have any information other than what is in the charts. I missed some of the debate, but let me read the figures for 1963 aid to colonies.

Mr. FULBRIGHT. We are talking about 1964. We have "phased out" these colonial areas, according to Mr. Holt.

Mr. GRUENING. All the more reason why we should adopt this amendment, if we are going to follow this course anyhow.

Mr. FULBRIGHT. There are exceptional cases, the Senator would agree, such as Guiana. At least the facts there involved, really, the defense of our own security, and protecting the vast American investments. There was a great danger, which we all recognized, of having Guiana become another Cuba. All Senators—as well as the Senator from Alaska—would be very critical if that should occur.

The Senator would say we cannot give any aid to this country, which is on the verge of becoming independent, when we ourselves hoped the British would delay the time for giving them their independence, in the hope that something

could be worked out to change the situation. There is no doubt about the danger of Jagan and his government. I believe it is wrong on another principle. When a legislative body sets down principles, if abided by they go on from year to year and tie the hands of the administration—whatever administration it might be—to meet a situation like this. I submit that the amount proposed for 1964 is de minimis and thus is not sufficient to cause concern. I do not believe the Senator would wish to tie the President's hands in a case like the Jagan government. He would not wish to expose us to the disastrous consequences of another situation like Cuba.

Mr. GRUENING. In the case of British Guiana, we were subsidizing the "Castro" of British Guiana.

Mr. FULBRIGHT. What the Senator is saying is that we have made mistakes. I cannot defend everything that has been done under this program. We have made mistakes. I do not believe, however, that we should take responsibility for Jagan. I know we certainly did not intend to allow Guiana to become a Communist foothold. Whether the situation was handled right, I do not know. I know it is a very difficult situation. The contest in Guiana between the two parties, from what I have read about it, is an extremely difficult thing to handle.

It is an extremely difficult problem to handle. I do not think we can lay down policies for the administration in day-to-day situations. Our committee staff chief cannot find any other colonial area to which aid is proposed to be given.

Mr. GRUENING. Unless we include the prohibition, there is no evidence that they will not resume giving aid to British Honduras.

Mr. FULBRIGHT. The Senator apparently has no confidence in the administration. I cannot accept that principle. I will accept the idea that it has made mistakes, but I cannot accept the idea that they are complete idiots and will never follow a reasonable policy. There is no proposal that we know of for any such program.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Missouri.

Mr. SYMINGTON. I was about to make a point brought up by the Senator from Arkansas. I voted with the Senator from Alaska on amendments designed to reduce money authorization, but it seems to me this amendment goes too far into legislative prerogative, the normal functions of the executive branch. I would have more confidence in this administration than expressed by the amendment. I submit this thinking to my able colleague from Alaska.

Mr. GRUENING. I say to my friend from Missouri and my friend the chairman of the committee that I think we have accomplished a great deal in improving the bill. It is a much better bill. We have, in effect, rewritten it on the floor of the Senate. We have a good legislative record.

I say for the RECORD that for the United States to give financial aid to a colony of Great Britain, or France, or any other country, is folly. It is a principle

we should assert. It is late. We have spent 2 weeks on the bill. I know that many Senators have engagements. I do not intend to press the amendment at this time, but I should like to have a little further discussion of it before debate on it is concluded. A very important principle is involved.

I was unhappy to hear the chairman of the committee state that I have no confidence in the administration, whereas he does. That is not precisely so. I have lacked confidence as a result of actions not of this administration, but some of the previous administrations of the aid programs, which change every year. This kind of mistaken aid has been given by some of the previous administrators. When an administrator gives \$10 million to Cheddi Jagan, a Communist, a subversive individual, who has put that colony in chaos and prevented it from becoming independent, I think I am justified in saying that I do not have confidence in most of the past foreign aid administrators.

I would like to foreclose future acts of that kind. I do not think American taxpayers should be asked to pour money into any colonies. I think that is the duty of the mother country.

Mr. MORSE. Mr. President, as a cosponsor of the amendment, who would support the amendment if it came to a vote, although I do not have the 1964 figures, I shall include in the RECORD the figures for the years up to 1963. But if I understood the chairman of the committee—and I was not present to hear all the debate—it is not contemplated that in 1964 we are going to be supporting colonies.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, many of these areas that have been getting aid have achieved their independence; they are no longer colonies. Many have become independent. Jamaica, for example, is no longer a colony. The amount provided for that purpose is very small. There are only one or two that are called colonies. They are not scheduled to get much for 1964.

Mr. GRUENING. It was folly to give such aid to them.

Mr. FULBRIGHT. The Senator will get no argument from me about that.

Mr. MORSE. Mr. President, may I ask the Senator from Arkansas a question? The figures just shown to me by Mr. Holt, of the committee staff, show that colonies that heretofore have been receiving some aid—and I shall put that amount in the RECORD shortly—will not receive any, except for one colony. Is that correct?

Mr. FULBRIGHT. Looking at the worldwide chart, that is correct.

Mr. MORSE. If I may have the attention of the Senator from Alaska, who is the author of the amendment, of which I am a cosponsor, I think he has made a great record on this amendment, as he has on all his other amendments. I want to go on record as saying that the administration has made mistakes in giving support to colonies of other countries. I think we would have a hard time answering why, on principle.

I served on the fourth committee of the General Assembly of the United Na-

tions, which is the committee that deals with trusteeships and non-self-governing territories in the world. I served during the famous 15th General Assembly, the Khrushchev shoe-thumping assembly. Time and time again the United States was under attack in the fourth committee because we had taken a wavering and weaving attitude with regard to the problems of colonialism around the world. That situation has improved a great deal since then.

I am glad that, under the leadership of the President of the United States, Secretary of State Rusk, and our Ambassador to the United Nations, Adlai Stevenson, we are not equivocating in our votes any more. We are not abstaining when the hot colonial issues come before the United Nations. That is to the everlasting credit of the administration. I do not mean to imply that we have gone far enough in the United Nations—because we have not—in dissociating ourselves completely from colonialism. But there has been a great improvement.

The reason why I cosponsored the amendment is that I do not believe we ought to be pouring money into any colony of any country. We never know when the people of that colony are going to take a stand for independence. It is easy to overlook the fact that we had been giving them aid for their benefit. That is the only reason we have given money to those colonies, so far as motivation is concerned. But motivation can easily be misinterpreted. The charge will be made that, after all, we supported Great Britain, France, and the Netherlands in maintaining a stranglehold over certain colonies by pouring money into them.

That principle is very important. It is why I was very happy to join the Senator from Alaska in the amendment when he first discussed it with me.

A wonderful record has been made by the Senator from Alaska and by the chairman of the committee. I shall dissent from one observation made by the chairman of the committee in a moment. First I wish to put into the RECORD figures that are not classified. The 1964 figures are classified, but the figures are small in amount and apply to only one colony. It would be extremely difficult to deny the type of aid that goes to that colony. The aid seeks to benefit the people, and not the British Government.

May I ask the chairman if he can obtain information for me as to whether some of the aid has been in the form of Public Law 480 funds?

Mr. FULBRIGHT. I am sorry. I did not hear the question of the Senator.

Mr. MORSE. Some of the aid that we have given to certain colonies in the past has really been in the form of Public Law 480 aid. Is that correct?

Mr. FULBRIGHT. The chart says "worldwide." I would have to look it up.

Mr. GRUENING. That refers to aid we had been giving to Hong Kong.

Mr. FULBRIGHT. That was really nothing but relief.

Mr. MORSE. I want to draw that distinction. There is a distinction. When aid goes to a colony for food pur-

poses, in the form of relief for hungry people, or in the form of medical supplies, that is a different matter. We do not know what proportion of such aid was in that form. I do not have the figures at tongue point.

Mr. FULBRIGHT. Did the Senator say "tongue point"?

Mr. MORSE. Yes; tongue point. That is a familiar point with me.

Mr. FULBRIGHT. Is that a colony?

Mr. MORSE. I know from some of our discussion in committee that some of the money was for humanitarian purposes.

Mr. FULBRIGHT. Certainly, some of the aid that went to Hong Kong was.

Mr. MORSE. Some of it was not.

Mr. President, since I joined as a cosponsor of the amendment, if the Senator from Alaska wishes to share my judgment, in view of the record we have been making, I suggest that he might withdraw the amendment.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Missouri.

Mr. SYMINGTON. Would the Senator tell us whether we are at tongue point for a vote tonight.

Mr. MORSE. I think, with mutual cooperation, we can reach a vote tonight.

The Senator had better sit down before I tell him this, because I am sure he would not be able to take it standing up. I have only one more amendment.

Mr. SYMINGTON. I would be willing to lie down if we could reach that final vote.

Mr. MORSE. I have only one more amendment.

I am waiting for a telephone call from the State Department. I believe it will have the good judgment to accept the amendment.

Mr. HUMPHREY. We have it here.

Mr. MORSE. I wish to place certain figures in the RECORD.

Mr. GRUENING. I appreciate the remarks of the Senator from Oregon. In light of the assurances of the chairman that this relief is petering out—even though it involves only one case, I still think the principle is important—and in view of the record that has been made, I will agree with my cosponsor, who unfortunately is not in the Chamber at the moment—to withdraw the amendment.

I ask unanimous consent to insert at this point a list of the amount of aid that we have given to the possessions in the past 15 years.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Aid to possessions, 1946-63	
	Millions
British Guiana:	
Technical co-op grants.....	\$2.8
Public Law 480, title III.....	.7
Total.....	3.5
British Honduras:	
Technical co-op grants.....	1.0
Public Law 480:	
Title II.....	.3
Title III.....	.9
Total.....	2.3

Aid to possessions, 1946-63—Continued	
	Millions
Jamaica:	
Technical co-op grants.....	\$2.5
Public Law 480, title III.....	5.5
Total.....	7.0
Surinam:	
Technical co-op grants.....	2.8
Public Law 480, title III.....	.5
Total.....	3.3
Trinidad and Tobago:	
Technical co-op grants.....	2.5
Public Law 480, title III.....	.4
Total.....	2.9
Hong Kong:	
Technical co-op grants.....	0
Public Law 480:	
Title III.....	29.4
Title II.....	1.0
Total.....	30.4
Western Samoa: Program under Public Law 480 started fiscal year 1962.....	0
Other overseas territories in Africa.....	0
Other British territories (sterling area):	
Technical co-op grants.....	.3
Public Law 480, title III.....	.6
Total.....	.9
Other French community and possessions:	
Technical co-op grants.....	1.0
Other.....	5.0
Total.....	6.0
Portuguese possessions: Technical co-op grants.....	.3
Since 1942 (some countries later) economic aid totals \$18.2 million. Does not include title II-III, Public Law 480. All Public Law 480 food and fiber was charitable; none sold.	

Mr. MORSE. With that insertion in the RECORD by the Senator from Alaska, which shows the aid that we have given to the colonies from 1946 through 1963, plus the figures for 1963, and with the urging upon the administration that it recognize the fact that when they come for an authorization bill next year the Senator from Alaska and the Senator from Oregon, even if we are the only two, will be calling upon the administration to show what was done with respect to aid to colonies, and what justification can be given for it, and that we will reoffer the amendment if no justification is given, I am glad to join the Senator from Alaska in withdrawing the amendment.

Mr. GRUENING. When we examine the figures, we see that they are not minuscule. They amount to over \$18 million.

Mr. MORSE. That is what I was about to say. That is since 1946.

Mr. GRUENING. That is a policy which we can condemn retrospectively. The stable door has been left open and the horse is gone. I hope, in view of the record we are making, that this folly would not be repeated. If it is repeated, such an amendment can undoubtedly be adopted next time.

Mr. President, I ask that the amendment, sponsored by the Senator from Oregon [Mr. MORSE], the Senator from

Ohio [Mr. YOUNG], and myself be withdrawn.

The PRESIDING OFFICER. The Senator has the right to withdraw it. He withdraws the amendment.

Mr. MORSE. Mr. President, I call up my amendment No. 265, and I would like to have the attention of the Senator from Minnesota [Mr. HUMPHREY]. I have prepared a modification of it.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 39 strike out lines 10 to 17 inclusive, and insert in lieu thereof the following:

SEC. 254. RESTRICTIONS ON ASSISTANCE.—(a) None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections.

(b) The provision of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within sixty days after the President notifies the two Houses of his determination during a period when the Congress is in session.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PELL in the chair). Without objection, it is so ordered.

Mr. MORSE. Mr. President, I wish to further modify my amendment, so that paragraph (b) of the amendment will read as follows:

The provision of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within thirty days after the President notifies the two Houses of his determination—

That will strike out the language I formerly had in the amendment—

during a period of time when the Congress is in session.

Mr. President, I shall be as brief as I can in discussing this amendment to the committee amendment, but it will call for some discussion.

This language was drafted by the Department of State. It is well known by the Senate and by the Senate Foreign Relations Committee that I have taken the position that no President, I care not who he may be, should be allowed to exercise unchecked power in granting U.S.

taxpayers' dollar aid to a military junta in the Western Hemisphere that overthrows a democratically elected constitutional government. It is well known in the Foreign Relations Committee that time and time again I have stressed a fact which cannot be denied—namely, that many of our best friends in Latin America fear military juntas and fear U.S. economic aid to military junta governments or to civilian stooges which those governments set up to control the country, using democratic sloganeering after they have destroyed a democratically elected government.

An hour or so ago I placed in the RECORD communications from the President of Costa Rica, the former President to Guatemala, and Senators of the Dominican Republic, among others, in which they all expressed the fear that is so well known in the Foreign Relations Committee of the Senate.

I went downtown and I talked with administration leaders. I wish to make clear that they prefer to have no check upon the President. It is true that the President himself would prefer to have no check upon his exercise of discretion. It is also true that the Department of State—yes, even the President—must be reminded from time to time that our Government is a constitutional representative government based upon checks, including the power of the Congress to check the President. This is one place in which we must maintain a check. No matter what course of action the Congress may take in regard to the subject before the Senate, if it is unwilling to impose a check, millions of American people will make clear to this administration that they want a check.

Many American people are disturbed about unchecked Presidential power.

After my conferences downtown, the Department of State on behalf of the Secretary of State, and acting through the Assistant Secretary of State, Mr. Dutton, brought up the language which I am now offering. They said they would accept that language. As the chairman of the committee said in conversation with me a few moments ago, it is true that they would prefer no check at all. There is no doubt about it. But I wish the Senate to understand that the language I am offering is the identical language which the State Department advised the senior Senator from Oregon it would accept. I read it again:

(a) The provision of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within 30 days after the President notifies the two Houses of his determination.

The question might properly be raised—and that is why I suggested some additional language—What if the Congress is not in session?

In my judgment, if the state of affairs should be such—although I cannot imagine such a hypothetical state of facts—that during a recess of Congress the situation should become so serious that the President would think that some aid

ought to go to some country that otherwise would be covered by the amendment, and could make a case for it when Congress returned, the Congress would sustain him. That is his risk.

If he cannot make a case, and if he gives aid that proves to be unjustifiable, the President will have to answer for either giving the aid or for his failure to do so. If the situation were so serious that a special session of Congress was warranted, he could call a special session of Congress. But that is a hypothetical situation which bears very little resemblance to reality, for I do not believe that any President would act in bad faith. I do not believe that any President would seek to take advantage of a Congress when it was out of session. Furthermore, the amendment would not in any way interfere with the diplomatic recognition power of the President of the United States, and I would not support an amendment that did, for I am too firm a believer in our separation-of-powers doctrine to interfere with what is, in fact, the Executive power of the President.

But it is not within the Executive power of the President under our Constitution to spend taxpayers' money without authorization and authority from the Congress. That is the great difference. In the debate on another amendment a few moments ago, we again heard the statement that some of our amendments seek to interfere with the foreign-policy-making powers of the President. That is pure nonsense.

The Congress has the constitutional duty to decide what taxpayers' money shall be spent for. It has the duty to pass on the details of an authorization bill. The Constitution itself provides that money may not be spent except in accordance with appropriation by law. That is the principle that the Senator from Oregon is standing for from the standpoint of the constitutional right of the Congress. I do not intend to weaken that duty and responsibility.

I emphasize again that the amendment would not interfere with the right of the President to recognize the government, but it does provide that he may not spend taxpayers' money in aiding any government that has overthrown a democratic, constitutionally elected government in the Western Hemisphere, unless Congress is given 30 days to review the reasons for seeking to give that country economic aid.

Listening to some Senators in private conversation discussing the subject, one might think that 30 days is 30 years, and that the proposed period of time would be unreasonable. It is the period of time that the Department of State itself wrote into the language that it sent to me. I believe that it ought to have been 60 days. When I suggested to the State Department representatives that it ought to be 60 days, they said they would be willing to accept 60 days. After conversations with the chairman of the committee, the majority leader, and the majority whip, I said I would offer the amendment and leave it at 30 days without changing a single word of the language that the Department of State sent up.

The amendment may be defeated but I assure Senators that rejecting the amendment will not end the issue in this country, for I am satisfied that the amendment is in line with the thinking of most of the people of our country. Most of the people of our country are very much concerned about supporting questionable governments around the world. Our people have come to recognize that too frequently we have been found supporting the wrong man. Too frequently we have been caught supporting dictators and tyrants, only to have them do such irreparable damage to their people that their wrongs have washed off onto us. The image of the United States has been tarnished in many places in the world because we have been found supporting dictatorships that have been guilty of atrocious conduct toward their people. I believe that any President would welcome the kind of cooperation from the Congress that my amendment calls for.

I do not believe any President wishes to give aid to any country unless Congress has had an opportunity to review his proposals and his reasons therefor. In my judgment, I shall not be doing any injury to the President of the United States by this proposal. It will be those in Congress who do not wish to vote for the check who will weaken the prestige of the President of the United States. Millions of people in this country wish to know, "What are they afraid of? What is the President afraid of?" Since when should the White House be afraid of this kind of rightful check of the Congress upon any recommendation he may make for aid to a foreign government?

Let us take a look at the kind of foreign government we are talking about. We are talking about a military, Fascist form of government. We are talking about a form of government in which a military coup has overthrown a democratic, constitutionally elected, free government in the Western Hemisphere. Throughout Latin America one democratic President after another is "trembling at his knees," figuratively speaking, because he is not sure that American military aid, used in the hands of a military junta, may not spring up to overthrow him. We have witnessed this in the two recent overthrows in the Dominican Republic and in Honduras. In Honduras a constitutionally elected government was overthrown only a few days before a presidential election in which one of the major issues had become the proposal of the leading candidate that, if elected, he would urge passage of the necessary legislation to bring the military under civilian control. The military in Honduras wanted none of that. The military in Honduras wanted to be supreme. The military in Honduras is a caste. The military in Honduras trampled freedom underfoot in that coup.

The Dominican Republic had a constitutionally elected government. I hold no brief for any shortcomings of the administration of their President, but he was serving under a constitution; and the Constitution of the Dominican Republic provided for procedures to check the President in connection with any inefficiencies or maladministration of

which he might have been guilty—if any. But, instead of following a constitutional system, a military junta—trained by American military training programs, using American military equipment—destroyed that Government.

To date, the Government has not been recognized. To date, we have withheld our aid. The question is: When should aid be resumed?

In my judgment, aid should not be resumed until a constitutionally elected government is reestablished in the Dominican Republic. The coup in the Dominican Republic and the coup in Honduras gave rise to much of the ferment in American public opinion that led to this amendment.

All I ask the Senate to do is to accept the language that the State Department itself is willing to accept, although, as I made clear to the Senator from Arkansas [Mr. FULBRIGHT], they would prefer no language at all. The Department suggested this language, and I have offered it as my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to the committee amendment, in the nature of a substitute, as amended.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. There is not much point in voting until a quorum is present.

Mr. FULBRIGHT. I understood that the Senator from Oregon did not wish a yeas-and-nays vote.

Mr. MORSE. That would be true, if we can have some understanding as to accepting the amendment; but if I am to be outvoted by a voice vote, I desire a record vote, to put Senators on record.

Mr. MANSFIELD. Mr. President, there are not enough Senators present in the Chamber to order the yeas and nays. I ask unanimous consent—this is not to be considered a precedent—that the yeas and nays be ordered on this amendment.

The PRESIDING OFFICER. Is there objection?

Mr. FULBRIGHT. I wish a quorum call in any case, if there is to be a yeas-and-nays vote.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I shall speak briefly. First, I am a little surprised, after listening to the Senator from Oregon castigate the State Department for 3 weeks, to hear him now cite

its recommendation to the Senate, as if we should accept it. This is one recommendation of the State Department—if it is a recommendation—with which I do not agree.

It may well be that State Department officials have told the Senator from Oregon that they could live with this language. However, it is unwise to tie the hands of the President in that way.

I call attention to section 254, on page 39 of the bill. This language was offered by the Senator from Oregon, but he also offered additional language, which is not unlike, in purpose, what the Senator now offers, and which restricted the power of the President even more.

Mr. MORSE. Mr. President, if I may interrupt the Senator, it is all right to cite the language, but it is not the language of the Senator from Oregon. It is language that was within the amendment of the Senator from Oregon.

Mr. FULBRIGHT. That is what I said.

Mr. MORSE. I do not own the language in the bill.

Mr. FULBRIGHT. I know. I was making the point that the committee thoroughly considered the amendment offered by the Senator from Oregon, and this was the part which the committee agreed upon. It rejected the further restrictive language which is now being sought to be reinserted. It is not exactly the same language, but for all practical purposes, it is.

Mr. MORSE. Mr. President, let me interrupt once again to say that the language I had offered in committee was language that called for a report from the President, and a concurrent resolution by both Houses, approving it. As I made clear, it would require only a matter of days to obtain action. In lieu of it, the administration proposed the negative approach of 30 days, in which both Houses would have an opportunity to reject.

Mr. FULBRIGHT. I assure the Senator that I was not trying to mislead the Senate. There is a difference in the language. I make the point that while the State Department may have preferred that language to the previous language, in my opinion it is not favorable to either version. Be that as it may, the principle involved is not the right or power of Congress to determine the payment of our taxpayers' money under the bill. Nobody is questioning that right. Rather, there is involved the question of the wisdom of doing it. In my opinion, it is not wise to further restrict the President's freedom of action in this field.

The bill before the Senate provides for a contingency fund. It always has. It is recognized that there will be emergency situations. Certainly, the overthrow of governments by force and violence—which is the case when military juntas take over governments—is an emergency situation which requires quick action by the President. He is responsible for it. That is why we have provided a contingency fund.

I think this further restriction is intended to tie the hands of the President, more than he is already restricted, in emergency cases.

The Senator from Oregon states very glibly that it requires only a few days to obtain action. We have already taken 3 weeks on a bill with which we are thoroughly familiar, which we have passed 15 times, and we are not through with it yet. I do not know how any Senator could stand up in this body and say that we would act in a few days. We do not know. We know that the power of one Senator to delay action is a great power. More than one could cause indefinite delay.

I do not think it is good argument to say that action would require only a short period.

That is not the main reason why I object to the amendment. In a sense, it reflects on the integrity of any President, and intimates that he cannot be trusted in an emergency to exercise power within the restrictions that already exist in the bill, and particularly with regard to the emergency funds.

I hope the Senate will not accept the amendment.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. If the amendment were a part of the law and an emergency existed such as occurred in Vietnam, would the President be able to act?

Mr. FULBRIGHT. This amendment is restricted to the Western Hemisphere. It does not affect Vietnam. However, if a similar emergency occurred within the Western Hemisphere, he could not act within 30 days if Congress were in session. If it were not in session, the President would be able to call it into session.

Mr. MORSE. Mr. President, of course the President could come to Congress and ask for affirmative action, and he would get it, if there were an emergency.

Mr. FULBRIGHT. The Senator knows it would be very unusual for Congress to act within a few days when a question of that gravity was involved.

Mr. MORSE. If a real emergency were involved, Congress would act in a few hours. We provided \$3 billion in the Berlin situation in a very short time.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. I want to make clear that the objective of the Morse amendment is contained in section 254 of the bill, under the heading "Restrictions on Assistance." The provision reads:

None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest.

The difference is that under the Morse amendment there would be a period of 30 days. The Senator cooperated, during the discussion on the amendment, by

reducing what he thought was the reasonable period of 60 days to 30 days.

So far as the principle of providing no money or assistance to the Latin American countries is concerned—because that is what is referred to under this title—that principle is embodied in the bill before us. The difference is that the Morse amendment reads:

The provisions of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within thirty days after the President notifies the two Houses of his determination.

The difference is in the notification to the Congress and the fact that Congress could adopt a disapproving resolution.

The question boils down to whether or not we are to rely upon the President of the United States to make the decision, under the limitations that are now in section 254.

Mr. KEATING. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. KEATING. Does that language apply to any particular area of the world?

Mr. HUMPHREY. To Latin America.

Mr. KEATING. Only Latin America?

Mr. HUMPHREY. Yes; it is restricted to Latin America.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified, to the committee amendment in the nature of a substitute, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Mexico [Mr. ANDERSON] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Mexico [Mr. ANDERSON] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from California would vote "nay."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS] and the Senator from Kentucky [Mr. MORTON] would each vote "nay."

The result was announced—yeas 11, nays 78, as follows:

[No. 233 Leg.]

YEAS—11

Bayh
Cotton
Dodd
Ervin

Gruening
Johnston
Morse
Proxmire

Robertson
Simpson
Young, Ohio

NAYS—78

Alken
Allott
Bartlett
Beall
Bennett
Bible
Boggs
Brewster
Burdick

Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Mansfield
McCarthy
McClellan
McGee
McGovern
McIntyre
McNamara
Meehan
Metcalfe

Miller
Monroney
Moss
Mundt
Muskie
Neelson
Neuberger
Pastore
Pearson
Pell
Prouty
Randolph
Ribicoff
Russell
Saltonstall
Scott
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.

NOT VOTING—11

Anderson
Curtis
Ellender
Engle

Jackson
Long, La.
Magnuson
Morton

Smathers
Stennis
Walters

So Mr. MORSE's amendment to the committee amendment in the nature of a substitute was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I send to the desk amendment No. 129, and ask that it be read.

The legislative clerk read as follows:

On page 48, between lines 3 and 4, insert the following:

"(e) Add the following new section at the end thereof:

"SEC. 620A. (a) PROHIBITION ON FURNISHING OF ASSISTANCE SUBSEQUENT TO JUNE 30, 1965.—Notwithstanding any other provision of this Act, no assistance shall be furnished pursuant to this Act to any country or area (or enterprise therein) subsequent to June 30, 1965 unless—

"(1) Such country or area has requested such assistance and can show that it is pursuing the following economic, political, and military policies:

"(A) That it (1) is seriously and continuously engaged in measures of self-help, (2) has taken appropriate steps to assure that its own private capital resources will be utilized within its own country or area, (3) will encourage the development of the private enterprise sector of its own economy, (4) has taken adequate steps, where appropriate and necessary, to bring about reforms in such fields as land distribution and taxation to enable its people fairly to share in the products of its development, and that the project or program for which economic aid is requested will contribute to the economic or social development of the country;

"(B) That it is promoting the maximum amount of individual freedom and is encouraging its people freely to choose their own government;

"(C) That it seeks to establish and maintain only such military force as may be adequate to prevent the internal overthrow of an elected government or to deter threatened external Communist attack;

"(2) The furnishing of such assistance is required by an irrevocable commitment made, or contractual obligation incurred, prior to the date of enactment of this section; or

"(3) In case of any such assistance extended in the form of loans, the interest rate thereon is not less than the average rate payable on obligations of the United States of comparable maturities.

"(b) The total number of countries or areas receiving assistance under this Act subsequent to June 30, 1965, shall not exceed fifty."

Mr. MORSE. Mr. President, my amendment No. 129 was proposed, in the first instance, to Senate bill 1276 on July 18. I now offer it as an amendment to the committee amendment. It was pending in the Committee on Foreign Relations while consideration of the foreign aid bill was underway. It is now amendment No. 259. It was of this amendment that the committee said in its report:

In fact, the committee gave serious consideration to an amendment which would have terminated the program in its present form June 30, 1965, so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation, which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been revamped in major respects.

In the language of my amendment:

Notwithstanding any other provision of this Act, no assistance shall be furnished pursuant to this Act to any country or area (or enterprise therein) subsequent to June 30, 1965, unless—

And the amendment continues by setting forth new conditions for future aid.

We have accomplished that particular objective of amendment No. 129 by repealing the existing authorization for development loan funds.

Some progress has been made toward other objectives of the amendment for recasting the whole foreign aid program. For example, the amendment calls for all future loans to be made at interest rates that will be less than the average rate payable on obligations of the United States of comparable maturities. The House bill requires that henceforth interest rates be at least 2 percent. The Senate bill now provides that they be at least 2 percent after the first 5 years.

When the effort was made to make these interest rates the equivalent of our own cost of borrowing, and later to substitute the House rate for the committee rate, it was argued that to do either of these would put our aid program in the form of a moneymaking one. Of course, it would do no such thing. It would only remove the interest rate subsidy from the loans.

Neither the provision in my revised foreign aid program nor the Gruening amendment would make this a moneymaking program. There is no proposal to eliminate grant aid. Grant aid would continue for projects that are vital to social and economic growth but which are not self-liquidating.

Any program for extending our aid after 1965 should be on the basis that at least 75 percent or more of the money will be spent under a loan program, not under a grant program. The time has come when our foreign aid program should be reoriented, and it should be basically a loan program, and should not be extended to 107 countries. Instead, it should be extended to not more than 50 countries, because we cannot justify the spending of the money of the U.S. taxpayers in connection with a foreign aid program for more than 50 countries, inasmuch as it is impossible to find more than 50 countries which really could qualify for a fair and equitable foreign aid program.

We propose that when loans are made, they be genuine loans. If a nation cannot afford, or if a project will not sustain, a repayable loan, we might better make it a grant.

Another objective which my amendment seeks to attain in future foreign aid is to restrict the number of countries receiving it at any one time. The Foreign Relations Committee report is very critical of the tendency of the United States to put aid programs into new nations just for the sake of having an American "presence" of some kind in that nation. This point was made against my amendment in the "position paper" of the Agency For International Development, which insisted that an American "presence" is desirable in new nations.

Mr. President, who says so, and why? If the new nations do not want our representatives there, they should not be there; and if they do not want our representatives there on the basis of a foreign aid program that is fair to the U.S. taxpayers, our representatives should not be there. The President said last Friday night, in the course of his speech in New York City, that we should help the poor, and he made supposedly a great moral argument about helping the poor. However, we should ask him how we help the poor by means of a program such as the one he proposes. We do not help the poor by pouring our money into countries when we do not limit our aid by means of fair restrictions which protect the U.S. taxpayers. Furthermore, we do not help the poor by pouring our money into a country whose oligarchs are sending out of that country their profits, much of which are made as a result of the stimulus given to that country by our foreign aid. We should stop pouring our money into Argentina and Brazil, two of the most notorious examples of this sort of situation, because as a result of the pouring of our money into them, they have let inflation run wild, and the result has been to make their poor poorer, while the oligarchs have become richer and have shipped their profits out of those countries, frequently to New York banks.

So I say to the President that his formula is a very poor one when it results in the giving of our aid in that way to such countries. We must see to it that the oligarchs there do not make money as a result of our expenditures, and thus make themselves richer and the poor people there poorer.

I will go along with the President, as he knows, every inch of the way in connection with a reformed foreign aid program which gives the U.S. taxpayers the protection which the Foreign Relations Committee itself, as it states in its own report, pleaded should be provided. But it did not give us a bill that would do that. Instead, it passed the buck—for another year—to the Executive; and that buck has been passed by the Foreign Relations Committee to the Executive year after year, for year after year we have been pleading for reform of the foreign aid program.

I also say to the President that our country, with 6 percent of the population of the world and with limited wealth, cannot begin to pour enough money into foreign aid sinkholes around the world to help the poor very much. We do not have enough money or enough wealth for that.

The argument the President made in the course of his speech last Friday night in New York City was a highly specious emotional argument. It sounded plausible; but when we begin to analyze the foreign aid program from the standpoint of the results of the expenditures made under it, that argument falls flat on its face.

If we really wish to help the poor in those countries, we must attach to our foreign aid program some restrictions which will not permit the rich in those countries to mulct the program, and we must insist that countries such as Brazil and the Argentine keep their commitments under the Act of Punta del Este. They signed that act; but they have not cooperated by submitting any program of the sort the Alliance for Progress program calls for before they can become eligible for Alliance for Progress program funds. They have been able to obtain millions of dollars from the President's contingency fund; but he should not have given them even one dollar of that money; not one dollar of the money in the President's contingency fund should have gone to Brazil or to the Argentine. However, by such use of the President's contingency fund, operations under the Alliance for Progress have been set back on their heels in Brazil, the Argentine, and Ecuador. They will not come forward with a program of accomplished reforms—which the Alliance for Progress requires of them before they can become eligible for aid under the Alliance for Progress program—until we insist that they help themselves.

In the past few days we have taken insults from some representatives of those countries. Their spokesmen at São Paulo have opposed our program in connection with the Alliance for Progress program.

We sent there, to speak for the President of the United States, a distinguished statesman who urged the making of reforms whereby our aid would be given in connection with the Alliance for Progress program. But that calls for commitments and cooperation and self-help by these countries.

Mr. YOUNG of Ohio. Mr. President, I ask for order. The situation about which I previously complained has again developed in the Senate Chamber, with

loafers standing around the sides of the Chamber, engaging in conversation, and preventing Senators from hearing the debate.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The Senate will be in order. Conversations will cease. Those standing along the walls of the Senate Chamber will leave the Chamber.

Mr. MORSE. Mr. President, I am shocked by the conduct of the Argentine group and the Brazilian group at São Paulo. The Brazilian group in their second attack now propose that we allow Russia and the countries of Western Europe to have a voice in the Alliance for Progress program. I have no objection to their obtaining aid from those countries on the basis of whatever bilateral arrangements they may wish to make.

Mr. President, here is one voice and one vote. In my work as chairman of the Subcommittee on Latin American Affairs I have tried to make the subject a study. I have tried to be a student of the problems in Latin America. I do not stand on the floor of the Senate to make these very serious criticisms without knowing that I can produce documentations for every sentence I speak.

I am shocked by the conduct of the Argentine delegation and the Brazilian delegation at São Paulo, for I find it extremely difficult to interpret their conduct on any other basis than that they do not desire to live up to their signatures on the Act of Punta del Este. I am not free to name the high Argentine official, but a high Argentine official spent more than an hour in my office this morning. He, too, is shocked. We are reaching a point at which we must raise the question of good faith on the part of some of the Latin American countries.

I refer to the excellent legislative history that the Senator from Iowa [Mr. HICKENLOOPER] made yesterday in regard to the Hickenlooper amendments vis-à-vis the question of oil contracts in the Argentine and the discriminatory policies of Chile. The record is perfectly clear that Chile is seeking, in connection with certain American copper companies, such as the Kennecott Copper Co. in Chile, to follow a confiscatory tax policy which is discriminatory and not applied to their own domestic industries. It is a disciplinary or penalty program against American companies, with the result that they will drive the companies out of business, and the properties will then have to be sold for a song.

The question of good faith is raised. The time has come when the foreign aid program must be reoriented and reformed. The time has come when the recommendations of the committee report of the Foreign Relations Committee of the Senate ought to be put into effect. We ought to have done it this year. We ought to have written a bill that would do so, rather than say, as the committee stated in the report, that it gave consideration to this amendment, and pointed out to the administration, in effect, that it had better give consideration to it again before another authorization bill comes before Congress.

Mr. President, I was about to say that a prominent high citizen of the Argentine was in my office this morning commenting upon the colloquy that the Senator from Iowa [Mr. HICKENLOOPER] and I conducted on the floor of the Senate as we laid the foundation for the legislative record on the meaning of the Hickenlooper amendment and the additions to it that are in the bill this year as the bill came from committee. In the course of that colloquy the Senator from Iowa [Mr. HICKENLOOPER] said:

It is claimed by the present Government of the Argentine that these contracts that were entered into by the predecessor government under the direction of President Frondizi are illegal because they were not approved by the Congress.

I said to the prominent citizen of Argentina:

Is there any basis in fact for that argument?

He laughed, but he laughed scornfully, to think that anyone in Argentina would make such an argument. He said:

Senator, there is no basis in fact whatever for that claim, because the Argentinian Congress passed a law authorizing their oil agency to enter into just such contracts, and, as the oil agency, to do whatever was necessary to develop the oil industry of the Argentine, and to join in whatever arrangements must be made with foreign investors for an exploration of the oil facilities and the oilfields.

He added:

Senator, the same kind of law applies to the operations of the railroads in Argentina and to other industries in regard to which they have special commissions for regulation and control, just as you have an Interstate Commerce Commission which is given certain powers.

I cannot cite the law, though I have asked to have it checked so that it may be before the subcommittee of which I am chairman when it next meets. The Subcommittee on Latin American Affairs does not intend to drop all interest in what is going on in Argentina in regard to oil contracts. We owe it to Senators to see that a report is made in the near future as to what the facts are in regard to what is going on there in connection with oil contracts.

We will do the same thing in regard to Chile in respect to her discriminatory tax policies.

I cite those situations only because they bear upon my argument that we have reached the point where the whole foreign aid program must be reoriented. That is why my amendment proposes to bring it to an end at the end of fiscal 1965. That would give us time to prepare the new program for foreign aid, the new guidelines, and the new conditions that would have to be fulfilled in contracts that would apply under the new foreign aid program. I know it will not be easy. It is all a question of judgment. But I believe that those of us who are fighting for the kind of foreign aid that would flow from the amendment which I have offered if the amendment were adopted are the ones who are for the strongest and best type of foreign aid that we can have in the future. That is the kind of foreign aid that we ought to have.

Mr. President, when I say the point was made against my amendment in the position paper of the Agency for International Development, which insisted that an American presence is desirable in new nations, I point out that it is the kind of justification made by AID that leads me to the conclusion that foreign aid has become an end in itself, and that much of it continues only because it is becoming a self-perpetuating bureaucracy.

I wish the Senate could have heard the discussions in the Foreign Relations Committee on the part of various members of the committee as to what they think about a bureaucracy that has grown up in the administration of foreign aid. I wish Senators could have heard some of the stirring speeches on both sides of the table. I see the Senator from Missouri [Mr. SYMINGTON] chuckling. He knows whereof I speak. The rafters shook when it was pointed out—and an AID administrator and an official were present—that they were overstaffed. One member of the committee—and I paraphrase it accurately—told about some trips he had taken in various parts of the world, and he was shocked by the oversupply of manpower that he found in place after place.

We are dealing with bureaucracy that needs to be cut down to size. That is why we need a reorientation of the entire foreign aid program, a reorientation which would include an analysis of the manpower needs of AID. I would rather have the AID money going into a project that is so economically sound that it will help the poor living within its economic shadows than I would have it going into the salaries, the per diems, and the expenses of unnecessary AID personnel.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). Does the Senator from Oregon yield to the Senator from Iowa?

Mr. MORSE. I yield.

Mr. MILLER. I agree with a great deal of what the Senator from Oregon has said. However, in looking over the amendment by the Senator from Oregon, I note that at the bottom of page 2 there is a provision relating to the amount of interest which shall be charged. We have considered amendments relating to interest rates on at least two occasions during the course of the consideration of this bill. I know there are arguments for the interest rate provisions which the Senator has in the amendment, but these arguments have been made before in the course of consideration of the amendments specifically relating to the interest rate.

I am persuaded that the reasons against those amendments are stronger than the reasons for—namely, that we are in a competitive situation, in some cases, so far as our prestige is concerned, vis-a-vis the Soviet Union in the matter of charging interest; and, second, that we are trying to get out of the grant area and more into the loan area.

I wonder if the Senator from Oregon would consider dropping the interest provision from his amendment. I be-

lieve it would make his amendment stronger. What the Senator has been saying about the failure of some of the recipients of our foreign aid to adhere to the guidelines which the Clay committee laid down is quite true. I do not believe that the interest rate matter is pertinent to the argument the Senator from Oregon has made. The main thrust of his amendment has nothing to do with interest. So I wonder if the Senator from Oregon would agree with this observation and possibly consider modification of his amendment?

Mr. MORSE. I shall take the matter under advisement and consider it in a conversation with the Senator during a later quorum call.

Mr. MILLER. I thank the Senator.

Mr. MORSE. The United States has a "presence" anywhere that it has an embassy, or even a consulate. Economic or military aid is not a requisite to let other nations know of our existence.

My amendment would limit to 50 the number of nations that could receive aid at any one time after June 30, 1965.

Its other objective is to set forth the standards that recipients of future aid must meet. In my opinion, these objectives should be met before aid is extended to other countries for any reason. I do not propose to differentiate between military and economic aid in laying down criteria for its extension.

The "position paper" of AID opposes that principle. It declares that some nations are of military importance to the United States and should receive aid for that reason alone.

These are the areas in which we have, over a period of years, allowed ourselves almost literally to be blackmailed into endless and fruitless foreign aid. Any nation which receives aid from us for military reasons has far more to lose than the United States if Communist aggression occurs, against it, or threatens it internally. Why should not that nation meet the self-help standards met by any other nation?

Furthermore, we should not forget that many of the nations into which we are pouring aid far in excess of the military requirements and what the nation's economy can support, would be a liability if we got into a war with Russia, assuming we might use troops, anyway, which I seriously doubt, because the next war will be a nuclear war and one of a relatively few hours' duration. In addition to our own war effort, we would have to subsidize their troops and their entire war effort, in addition to our own. It would be much better to spend the money we are now spending on the bloated military organizations in these countries for economic expansion of the country, to help the economic well-being of the people. As that program expands, in a few years they should be able to support an adequate military defense program of their own.

In fact, if we do not set self-help standards for them, they are more likely to be lost to us than if we do.

That is why my amendment would require each applicant for any kind of future aid to show us that it is engaged in continuous self-help measures; that it

has taken appropriate steps to assure that its own private capital resources are being utilized at home; that it will encourage local free enterprise; that it has taken appropriate steps to bring about reform in such fields as tax and land reform, to enable its people to share in the fruits of development; that the project for which economic aid is requested will contribute to the economic or social development of the country; that it is promoting personal freedom and self-government; and, finally, that it is maintaining only those military forces needed to maintain an elected government in office, or to deter threatened external Communist aggression.

These standards would, of course, exclude some nations already dealt with by the Senate, such as Indonesia and Egypt.

A most important objective of my amendment is very difficult to achieve. It is to put aid on the basis of other nations seeking it from us, instead of our forcing it on other nations.

The general conclusion that can be drawn from all the reports by the Comptroller General—I shall talk about those momentarily—is that the waste and inefficiencies he has uncovered are due to aid programs too large and too complex for recipient nations to absorb and handle properly. I wish to repeat that sentence, Mr. President, because it is a vital sentence. It deals with the huge stack of Comptroller General reports that I have on my desk, finding one kind of inefficiency, waste, mismanagement and mishandling of aid after another, in country after country.

The general conclusion that can be drawn from all the reports by the Comptroller General is that the waste and inefficiencies he has uncovered are due to aid programs too large and too complex for recipient nations to absorb and handle properly. This is especially true of his reports on military aid and supporting assistance. A reading of these reports leaves the clear impression that much of the aid in these categories is the result of what Americans want them to have, not what they are able to use effectively. And the inquiries undertaken by the Comptroller General are purely of the "spot check" nature. They are by no means a complete or thorough review of economic or military aid.

It is my judgment that if the Comptroller General had not engaged in a "spot check" investigation of foreign aid, but had conducted, instead, a thorough investigation of foreign aid everywhere in the world, all of the four desks in front of me would be piled high with reports showing the shocking waste, inefficiency, and mishandling of foreign aid.

Let the RECORD show that this pile of reports of the Comptroller General is 2 feet high. This is not all of them.

I know it is difficult to write into the law a requirement that all aid requests be initiated by the recipient, and not by us. Administrators tell us now that all requests come from the recipient. But there are endless ways whereby our AID and military people tell them what to ask for. We tell them what to want, in effect, and they ask for it.

Nonetheless, I believe that future aid should only be considered when it is

applied for in bona fide fashion, and when the applicant can show us that he is meeting the prescribed standards.

I am discussing this amendment because if the administration does take seriously what has been said and done on this floor in the last 3 weeks, these are some of the principles that it should embody in a new foreign aid program.

The Comptroller General of the United States is our agent. The Office of the Comptroller General of the United States gets its authority from the Congress to serve the Congress. The Comptroller General of the United States is the congressional watchdog of expenditures of supposedly appropriated funds.

I pay high tribute to the Comptroller General of the United States. He is one of the most courageous, one of the most able, one of the most dedicated public servants in all our Government. The Comptroller General, Mr. Campbell, deserves a vote of gratitude from every American taxpayer.

I have on my desk a pile of the Comptroller General's spot check reports on the administration of the AID program around the world. They are not pleasant reading, for I engage in no understatement when I say that any jury that read them could not bring back any other verdict than that the reports of the Comptroller General of the United States show that hundreds and hundreds of millions of dollars of the American taxpayers' money have been wasted over the years on the foreign aid program.

The administration does not like to hear anyone criticize the foreign aid program for waste. It is easy to say, as many apologists for the program have been heard to say, "You cannot have a program involving billions of dollars that the foreign aid program involves without a considerable amount of waste." But we do not have to have that kind of waste. We do not have to have waste to that degree.

A good many of these reports are classified, but Members of this body can obtain any one of them in the Foreign Relations Committee room, and read it. Senators at least should sample them before they vote against my amendment, for I offer this pile of Comptroller General's reports dealing with the shocking waste in the administration of foreign aid over the years, both economic and military, as the best argument for the adoption of my amendment.

Wipe the slate clean at the end of fiscal 1965. Start it all over under terms, conditions, restrictions, and application requirements that will give the American taxpayers the assurance that what the Comptroller General has found over and over and over again in countries all over the world will not be likely to happen again.

Mr. President, the Comptroller General's letters of transmittal read, in instance after instance, as follows, and I shall have to delete, for classification purposes, anything that is classified. This is a letter he wrote on January 8 1963. I can go through this file and read similar letters as he filed report after report:

DEAR MR. CHAIRMAN: Enclosed for the use of your committee are 20 copies of our report

to the Congress on review of the local currency, military budget support program for country X.

Our review disclosed weaknesses in controls by U.S. agencies over military budget support funds, together with deficiencies in the administration of these funds by country X and as a consequence funds provided by the United States to country X were not effectively utilized.

At the completion of our review, we brought the deficiencies disclosed to the attention of the Secretary of Defense, together with our proposal that the U.S. control the expenditure of military budget support funds by releasing such funds to country X for individual projects which had been mutually agreed upon by country X and the United States rather than by releasing funds in support of a total budget. The Office of the Assistant Secretary of Defense for International Security Affairs informed us, in reply to our proposal, that specific project support would be impractical because of the increased administrative workload and other considerations.

The identification of all funds contributed to country X on a specific project basis could entail an increase in the volume of administrative work. However, we believe that the more important military projects warrant specific identification to insure that functions and items essential to the maintenance, readiness, and support of costly U.S.-furnished facilities and equipment are performed or provided. We also believe that such identification of projects would increase U.S. control of military budget support funds.

We are, therefore, recommending to the Secretary of Defense that efforts be made to identify the more important projects essential to the overall MAP objectives in country X and that appropriate portions of the budget estimates and military budget support fund releases be based on such projects. We are also recommending that project implementation be subject to careful surveillance and that involved portions of U.S. funds be withdrawn when evidence exists that either agreed-upon projects are not being undertaken or earmarked funds are being used for nonapproved purposes.

In fairness to the State Department, in fairness to AID, and in fairness to the Pentagon Building, it should be said that in many instances in which the Comptroller General has pointed out a shocking waste and inefficiency in the administration of foreign aid and has made recommendations—mostly procedural recommendations—the State Department and the AID officials and the Pentagon Building have cooperated. They should, of course. They are not deserving of any special credit for that. In fact, they are deserving of a good deal of criticism for the fact that they let the inefficiencies and the waste develop, and that the Comptroller General of the United States, as a watchdog, was required to go into the various countries and "show up" the State Department, and the Pentagon, and the AID organization for the waste.

I wish to read one more sample of the reports of the Comptroller General:

DEAR MR. CHAIRMAN: Enclosed for the use of your committee are 20 copies of our report to the Congress on excessive costs incurred for rehabilitating to original appearance and serviceability military equipment donated to foreign nations under the military assistance, Department of Defense.

Our examinations disclose that the military departments spend millions of dollars each year to rehabilitate materiel, given to

foreign nations as grant aid under the military assistance program, to higher standards of serviceability and appearance than similar materiel furnished to U.S. forces overseas.

That is a devastating criticism. That is a shocking criticism of inexcusable waste on the part of the Pentagon Building. We should not have to have a watchdog Comptroller General call attention to that waste, which ran into millions of dollars.

I continue:

These additional costs are directly attributable to a Department of Defense memorandum issued in March 1957—

Away back to 1957. This is a 1963 report. It has been going on since 1957.

The high standards set by the military departments to implement the defense policy have caused excessive work which has been very costly and, in some cases clearly uneconomical. In our opinion, there is normally no justifiable reason for expending the extra effort and substantial additional costs to dress up otherwise serviceable materiel, ready for issue to our own forces, to look like new for the military assistance program.

We propose that, except in special circumstances, materiel given as grant aid under the military assistance program be overhauled, packed, and inspected to the same general standards of serviceability and appearance as those established for U.S. forces overseas.

Do Senators know where it ought to be done? In the United States, not overseas. If we are to do it, let us give Americans jobs. Much of this has been done overseas at expensive labor costs. All the talk about high labor costs in the United States that is heard can be answered by taking a look at some of the reports, to see how we have been paying through the nose overseas. I am grateful that we have a Comptroller General who has the courage to lay it on the line, as he has in critical report after critical report. He goes on to say:

The Department of Defense agreed that, with the exception of aircraft, the same general standards of serviceability should be applied for military assistance program recipients as for U.S. forces overseas.

Mr. President, it took them from 1957 until the Comptroller General caught up with them in 1963, to reach that remarkable conclusion.

If we do not keep a check on military aid, the military taxpayer dollars will be squandered by the millions, as the Comptroller General reports show.

No agency of Government has so little concern for the taxpayer dollar as the Pentagon. They are wastrels. They are apparently working on the theory that the more they waste the more they will get. I am glad we have a Comptroller General who dares to file with the Congress disclosures of waste and inefficiency in the foreign aid program. Yet there are many who want to do a "snow job" on it. I say respectfully that the President can make his speech in New York City and he can make his criticisms as he did in the press conference this morning, of those of us who are opposed to foreign aid, but he must be made to answer to the American people for the shocking waste in foreign aid about which he has done nothing.

I say to the President: "Give me an answer to the Comptroller General's

criticism. What have you done to end the waste of millions of dollars? I do not intend to support your policies for foreign aid, but I do intend to support you if you will come forward with a reformed foreign aid program."

He may not know it, but he will discover that the American people want an answer to the question I have asked.

The President seems to be concerned about legislative interference in American foreign policy. "I don't understand," he said in his press conference, "why we're suddenly so fatigued."

Who is fatigued? We are not tired of working for a good foreign-aid program. Let me tell the President, though, that we are sick and tired of the waste in foreign aid which the Comptroller General of the United States has discovered and reported to Congress.

The President said: "We spent \$2½ billion on the atomic energy program, \$5 billion on space." If he means to assume that we agree with his spending that much money, he could not be more mistaken. That includes his moon project. Some needed savings should be made on behalf of the American taxpayers in connection with these programs. He again engages in the old non sequitur, that he is the one who will be blamed. He asks, "What is going to happen if the situation in Laos worsens? Are we going to blame the Senate or am I to be blamed?"

That is a complete non sequitur. What does blame have to do with it? Nothing. We will all get the blame, I say to the President, if we do not do a better job of protecting the interests of the American taxpayer by bringing to an end the shocking waste which the foot-high series of reports from the Comptroller General shows is occurring in foreign aid.

The President ought to be much less concerned about who is going to be blamed, and much more concerned about proceeding to bring about the necessary reforms in the foreign aid program that will protect the American taxpayer, than to send to Congress, as he did, a bill calling for approximately \$4,500 million, without having written into it the safeguards that we have been fighting for in this historic debate, in order to bring about reforms in foreign aid.

The news report also stated that the President said it is no coincidence that the three past Presidents, and their opponents in election campaigns, "All recognize the importance of this program."

We all recognize the importance of the program. It is so important that it ought to be reformed. We recognize that it is so important that it ought to be changed in the interest of the taxpayer. The President leaves himself open to the charge that apparently what we ought to do is to make the same mistakes that foreign aid has been making in the past. There was more wrath than logic in the President's press conference this morning, for his attempted defense of his foreign aid bill fell flat, because it did not meet the objections which have been raised in the Senate. He did not meet a single one of them. I am sure the people will be very much interested to see what he is willing to do to bring about

reforms and to meet the kind of objections that the Comptroller General of the United States has reported he has found honeycombed in foreign aid.

Thus, in this letter, the Comptroller General continued:

With respect to aircraft, the Department of the Air Force subsequently issued an instruction which significantly relaxes the unreasonably stringent criteria previously applied by the military departments in rehabilitating aircraft for the military assistance program. The Department of Defense agreed also that overzealous application of "like new" appearance criteria had been responsible for unwarranted costs and in December 1962 revised its policy substantially in conformance with our proposals. The military departments are now issuing implementing directives which, if properly complied with, should curtail the extra costs incurred preparing materiel for the grant aid military assistance program.

Mr. President, I cannot read the specific findings of the Comptroller General in connection with some of our NATO allies without believing that we have been guilty of great waste in the program over there. Not the least of the offenders has been France. I say most respectfully to my President: "Instead of trying to have passed a bill for \$4,500 million, you would have been much better off if you had accompanied your bill with requests for legislative approval for some major changes in foreign aid policy and the administration of foreign aid."

When we were confronted with witnesses from the State Department, witnesses from the Pentagon, and witnesses from AID, with no substantial recommendations for reform of their policy, it was the old "coverup" game on the part of witness after witness. It was necessary to drag out of them by so-called cross-examining, fishing expeditions what they ought to have volunteered, if they had intended to act in good faith with the committee. We were placed in the position of being very suspicious of what they were up to.

The trouble they got into with their foreign aid bill is due to themselves, because if they and the President had sent to Congress a bill that proposed procedural changes and reforms that would have given greater protection to the American taxpayer, they would not have got into the hot water they got into—and they are not out of the bath, either. The spigot is not turned off, for they are going to get scalded even more when they reach the appropriation stage. They are going to get scalded even more when the people get through with them.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield with the understanding that he will not lose the floor?

Mr. MORSE. I yield with that understanding.

Mr. LAUSCHE. Mr. President, I send to the desk an amendment which, if adopted, would allow the granting of favored nation rights to the Yugoslav Government for a period of 2 years. During those 2 years, observations would be made to determine whether the Yugoslav Communist Government is willing to make any efforts to settle the claims of United States citizens for prop-

erties confiscated by the Yugoslav Government.

The amendment is simple. Favored nation rights would be extended to the Yugoslav Government for 2 years. With that time, it would be expected that the Yugoslav Government would show a purpose to settle claims of American citizens for pensions taken away, properties confiscated, and other valuable rights denied.

I commend the Senator from Oregon for his great fight in this matter. I have not agreed with him on all issues, but his fight has been productive.

The PRESIDING OFFICER. The amendment will be received and will lie on the table.

Mr. MORSE. I appreciate the Senator's statement.

Mr. President, before I turn to the next letter from the Comptroller General, there are some amusing things in these reports. We do not want to laugh at tragedy; but the reports contain items both amusing and tragic. One of the reports shows that AID ought to have in it an agricultural adviser; or, at least, it ought to advise with the Department of Agriculture.

The AID administration sent a large number of hay balers, costing better than \$2,000 apiece, to a desert country. The Comptroller General found them there 2 or 3 years later, ruined by rust, never used, because there was no hay to cut. Imagine that. It will be pretty hard for anyone to justify that action on any grounds. But it is not a singular example.

The sad part is that we have rammed down the economy of country after country hundreds of millions of dollars worth of equipment for which they have no use at all. That is why such practices ought to be ended, as my amendment proposed to do, at the end of fiscal 1965. A fresh start should be made, with a clean slate. I would write at the top of that slate, for everybody connected with AID to read: "Your first duty: Protect the American taxpayer." That should be the new motto of foreign aid: "Your first duty: Protect the American taxpayer." The foreign aid program as now administered does not protect the American taxpayer, but—and I repeat the naughty word at which the press takes some umbrage—it "rooks" him. It is a program to "rook" the American taxpayer.

Here is another letter:

Our reviews disclose that large quantities of equipment delivered to countries X, Y, and Z will become defective largely as a result of maintenance and supply deficiencies.

And that much of the equipment is being rebuilt by the U.S. Army logistical depots in Japan. Why not in the United States? Why not put unemployed American workers to work? But that kind of foreign aid, for the use and benefit of our own country, might be an unpardonable, unforgivable sin.

In one letter, the Comptroller General stated:

Our review disclosed weaknesses in controls by United States agencies over military budget support funds, together with deficiencies in the administration of these funds * * * and as a consequence funds

provided by the United States * * * were not effectively utilized.

Mr. President, it is a daily experience for a lawyer to invite a client to his office, after a previous interview, and to say to the client, "You know, John, I went into your case, and I found a good many things about it that you did not tell me about when we first conferred about your case."

Of course, Mr. President, when caught with that, John will admit it.

As we read these reports, we find that that is about the experience the Comptroller General seems to have had. When he catches them, they confess it, and then they assure him that they will do something about it. The apologists try to whitewash them; they say, "What Senator MORSE says is true, but they are doing something about it." However, I point out that these are only spot checks, and these reports relate only to the instances in which the Comptroller General has caught them.

I wish to make very clear, for my own protection, that when the Official Reporters of Debates of the Senate examine any of these letters, to obtain any of the excerpts I have read from them, inasmuch as the documents are classified, the Official Reporters will stand in the same position as members of the committee staff, and that I shall not stand to be censured for allowing the Official Reporters to make that use of the documents. However, if I am in error as to that, I want the Official Reporters to leave the letters alone, and to rely on their notes.

Mr. President, my point is that when the Comptroller General catches these instances of waste and inefficiency, these countries then post haste, go through the formality of pretending to adopt procedures which in the future will put an end to some of the wasteful and inefficient procedures. However, these are only spot-check findings. What about the many places in the world where the Comptroller General has not made such spot checks? The same old waste of the money of the U.S. taxpayers and the same old inefficiency continue. In the speech which the President made last Friday night in New York City, I did not hear him urge cessation of putting the American money down such sinkholes. The President made an emotional appeal; but unless he supports necessary reforms, his arguments fall of their own weight, for they have no underpinnings.

However, when we even suggest that one or another of these countries does not deserve our aid, Senators bob up all about the Senate Chamber and plead for a continuation of our aid to that country. But they should examine the report of the Comptroller General. If they do, they will understand why he says U.S. military aid should be cut.

Here is a report on another one—a dictatorship country which never should have been given any aid by us, in the first place. The bases we have there are not worth that much; no military base in the world is worth enough to cause us to spend the money of the U.S. taxpayers to support fascism. There is a great deal of waste in connection with our program in that country—as is

found by the Comptroller General. And so we can show, down the list.

I close by saying that I am glad we have a Comptroller General who is such an able watchdog; and I am glad he has the courage to point out the deficiencies and waste in our foreign aid programs.

I am only sorry that this year the President sent the Congress a foreign aid bill which failed to contain reform procedures which would bring to an end many of the inefficiencies in our foreign aid. I am sorry that the argument on behalf of its continuation is made in these precincts, and is supported by the State Department and by other administration spokesmen who want to give the President more and more unchecked power.

I am also sorry about the argument the President himself engaged in—namely, that, after all, Congress is interfering in foreign policy. Congress cannot interfere in foreign policy; anyone who ever attended a high school civics class should know that. Congress cannot interfere in foreign policy—in the sense that the President and his supporters have been arguing in opposition to those of us who are asking for specific authority, item by item, for the expenditure of our foreign aid funds—so long as Congress carries out its trust and obligation responsibilities under the Constitution.

If the President wants the money, he must send to Congress a bill which will justify the uses to which he wishes to put the money.

We have already made a great mistake in giving the President as much unchecked power as we have given him in connection with the use of the contingency fund. The Senate made a great mistake when, once again, it surrendered its checking power over the President, and gave him some additional unchecked power to spend U.S. taxpayers' money as he sees fit in the case of a country in which a constitutional government has been overthrown by a military, Fascist junta. The President should be required to obtain formal approval by Congress for any such authority, before the money can be spent.

NO DISCRETION GIVEN OR ASKED ON AID CUTOFF WHERE U.S. BUSINESS IS INFRINGED

It is a sad fact that the discretion sought by the President, and given him by Congress, to cut off aid under certain circumstances does not include the giving of our aid where there has been confiscation of the property of an American business firm or unfair treatment of an American business firm. It is a sad fact that we do not hold an elected government in a Latin American country in the same high regard in which we hold the Standard Oil Co. The President has no discretion under existing law, nor under the pending bill, to cut off our aid to a country which confiscates the property of a U.S. business firm or otherwise discriminates against a U.S. business firm. Congress has said in those cases that the President "shall" terminate aid.

The Hickenlooper amendments, which I support, do not allow any presidential discretion in such cases; instead, under those amendments and in such circumstances the President must then cut off

U.S. aid. Powerful American business lobbies were able to have that provision included, and they were entitled to it. But the lobby of the people was whipped in the Senate, in the course of this debate; the people's lobby took a beating, because when it came to protecting the interest of the U.S. taxpayers, the Senate was perfectly willing to vote to give the President unchecked discretionary power. That was a shameful mistake.

Mr. President, we are told that the preservation of constitutionalism in the countries of Latin America and elsewhere in the world must be subject to the exercise of executive discretion.

I am not speaking about an individual President. I am speaking about the Presidency. The best way to lose Latin America is to give to the President of the United States arbitrary discretion. We can judge the future only by the past. An Assistant Secretary of State, Mr. Martin, showed the hand of the present administration in the very unfortunate article which he wrote for publication in the New York Herald Tribune. In that article he indicated very clearly to those who can read that after the storm blows over, this administration will recognize and give aid to military juntas in the Dominican Republic and in Honduras in both of which countries free government was destroyed.

I wish to warn the President of the United States that when he does that—and I think the plan is afoot to do it, unless the American people make clear to him that he had better not try—he will pull the diplomatic rug out from under some of our best friends in Latin America. I placed some of their statements in the *Record* earlier this afternoon. He will threaten Bolivia. He will threaten Venezuela. He will threaten Costa Rica. He will threaten one free government after another in Latin America if he does not stop recognizing and giving support to governments overthrown by military Fascist juntas and destroying free democratic governments in those countries.

I say to the American people, "Keep your eyes on the President of the United States, now that the Senate proposes to clothe him with arbitrary discretion in regard to recognizing and supporting governments that overthrow free governments in Latin America."

It is unfortunate that we follow one rule for the protection of American businesses in Latin America, and a different rule for the protection of free governments in Latin America. I wish we would have the same rules for both. I want the Kennecott Copper Co. in Chile protected. We laid the foundation in our colloquy with the Senator from Iowa [Mr. Hickenlooper] yesterday afternoon for protecting them. The President has no discretion in that situation. The President could do nothing to set aside the Hickenlooper amendment in regard to the protection of American businesses in Latin America, or anywhere else in the world. But in the case of Fascist juntas, we give him discretion. We can set aside the rights of freedom in Latin America in those countries where a Fascist junta has over-

thrown the government of a free people. What a paradox. What irony. What inexcusable inconsistency. We are not through with it. The Senate has worked its will this afternoon. It has the right to work its will.

But I tell Senators that I am sure the American people will work their will, and their will will be against the majority of the Senate. Of that I am certain, for the American people have no intention of turning their rights over to the exercise of arbitrary discretion on the part of any President, present or future, for the Office of the Presidency should never be so clothed. We are moving a long way from the system of constitutional representative Government that our forefathers set up when the Republic was born.

These basic abstract principles of freedom put into application determine whether or not we are to remain free men and women. No crisis, no claim of emergency, can justify giving to any President at any time, under any circumstances, the kind of unchecked discretionary power that a majority of the Senate gave to the President of the United States this afternoon. The American people must take note of it. They must work their will in opposition to such a trend in the American Government. I am only pleading that we limit the President in connection with the aiding of Fascist juntas in Latin America as we limit the President in connection with what he can do in respect to Standard Oil, Texaco, Kennecott Copper, and any other American corporation in Latin America. The President has no discretion under the Hickenlooper amendments, of which I am proud to be one of the most ardent supporters, when it comes to foreign aid in connection with those countries. Foreign aid stops, and the President can do nothing about it. But the Senate has one rule for Texaco, Standard Oil, Kennecott, and the rest of the American businesses in Latin America, and a different rule for the people who have elected a constitutional democratic government in a Latin American country which has been overthrown by a fascist military junta.

We let the President continue, at his discretion, to pour millions of American taxpayer dollars into a government which has murdered constitutional government.

I have seen ironies and have witnessed inconsistencies for 19 years in the Senate, but that one takes the cake. That is about the worst. Not even the President asked for it. Our President was perfectly willing to accept a check, for the language I offered came from downtown. The State Department was perfectly willing to take the check. I would have made it a stronger check. I would have made it an affirmative action by the Congress rather than an opportunity for a negative action. But at least I would have had a check under the administration's own language.

What is good enough for Standard Oil, Kennecott, Texaco, and any other American concern in Latin America, so far as I am concerned, is good enough for the people in countries that are willing to stand on the side of freedom and engage in democratic processes in the elec-

tion of a constitutional government. When overthrown, they have a right to turn to the great democracy to the north and count on it not to aid the Fascist forces that overthrew their constitutionalism.

Mr. President, we have not heard the end of the issue. The issue will arise across the country in the months ahead, unless the administration makes perfectly clear that it has no intention of exercising such discretion.

What a sad message to go out to the world that we in Congress do not have as much determination to refuse aid to illegal governments and aggressor governments as we have to refuse aid to countries that discriminate against American business in Latin America. Until we do, our foreign aid will be a mockery. Until we do something about the foot-high pile of adverse reports from the Comptroller General of the United States, showing the waste of many millions of dollars in the administration of foreign aid, we cannot justify the bill that the Senate is about to vote upon. I hope that it will be voted on tonight.

I shall vote against it. I shall forever be proud that my descendants will never read that while I was in the Senate I voted for such a bill as will be brought to a final vote, I hope, tonight.

I have offered my second to last amendment. I hope the Senate will vote for it. It gives Senators an opportunity to bring to an end the present type of foreign aid at the end of fiscal year 1965. We can wipe the slate clean and start over, with a new foreign aid bill limited to 50 countries, under application requirements meeting terms and conditions that we lay down. The terms and conditions will be fair and equitable for countries to meet, in order to receive many millions of dollars from the American taxpayer.

I say to the majority leader that I am going to urge, and do all I can to obtain, a ye-a-and-nay vote on my amendment.

Mr. MANSFIELD. Mr. President, in view of the unusual situation, I ask unanimous consent that there be a ye-a-and-nay vote.

Mr. MILLER. Mr. President, will the Senator from Montana yield to me before the yeas and nays are ordered? I should like to ask the Senator from Oregon if he will modify his amendment.

Mr. MANSFIELD. If the Senator from Iowa will allow me, in the position I hold, to make a unanimous-consent request, which is an unusual one, I ask unanimous consent that the yeas and nays be ordered on the Morse amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. Mr. President, I desire to make sure that the modification on the Morse amendment will not require a further unanimous-consent request from the Senator from Montana.

I merely wish to ask the Senator from Oregon if he is willing to take out that portion of his amendment to which I have already referred.

The PRESIDING OFFICER. Unanimous consent is necessary to modify the amendment.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that my previous unanimous-consent request be vitiated and that the order for the yeas and nays be rescinded. I will offer it later, if a sufficient number of Senators are not then present.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I am glad to accommodate the Senator from Iowa [Mr. MILLER]. I believe his proposal is sound.

I modify my amendment by deleting the interest section, lines 24 and 25 on page 2, plus lines 1 and 2 on page 3.

The PRESIDING OFFICER. The Senator from Oregon has a right to modify his amendment.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified, to the committee amendment in the nature of a substitute, as amended.

Mr. MORSE. Mr. President, I ask unanimous consent that the yeas and nays be ordered on the Morse amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified, to the committee amendment, in the nature of a substitute, as amended.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. MAGNUSON], and the

Senator from South Dakota [Mr. MCGOVERN] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Washington [Mr. JACKSON]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Washington would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Florida would vote "nay."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS] and Mr. HRUSKA are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 29, nays 56, as follows:

[No. 234 Leg.]

YEAS—29

Allott	Goldwater	Robertson
Beall	Gruening	Russell
Bennett	Johnston	Simpson
Bible	Jordan, N.C.	Symington
Burdick	Jordan, Idaho	Talmadge
Byrd, Va.	McClellan	Thurmond
Cotton	Miller	Tower
Dodd	Morse	Williams, Del.
Edmondson	Mundt	Yarborough
Ervin	Proxmire	

NAYS—56

Aiken	Hartke	Metcalf
Bartlett	Hayden	Monroney
Bayh	Hickenlooper	Moss
Boggs	Hill	Muskie
Brewster	Holland	Nelson
Byrd, W. Va.	Humphrey	Neuberger
Cannon	Inouye	Pastore
Carlson	Javits	Pearson
Case	Keating	Pell
Church	Kennedy	Prouty
Clark	Kuchel	Randolph
Cooper	Lausche	Ribicoff
Dirksen	Long, Mo.	Saltonstall
Dominick	Mansfield	Scott
Douglas	McCarthy	Smith
Eastland	McGee	Sparkman
Fong	McIntyre	Williams, N.J.
Fulbright	McNamara	Young, N. Dak.
Hart	Mecham	

NOT VOTING—15

Anderson	Hruska	Morton
Curtis	Jackson	Smathers
Ellender	Long, La.	Stennis
Engle	Magnuson	Walters
Gore	McGovern	Young, Ohio

So Mr. MORSE's amendment, as modified, to the committee amendment in the nature of a substitute, was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I have an amendment which I have discussed

with the chairman. I made an address on this amendment on the 23d of August. It appears in the RECORD. The amendment deals with the claims of certain Yugoslav widows and orphans, who were not citizens of the United States at the time their property was confiscated in Yugoslavia. The chairman has agreed to take the amendment to conference. Therefore, I see no virtue in discussing it further, in view of the fact that it has been considered by the committee and because I addressed myself to it on the floor. The amendment is identified as Amendment No. 236.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 48, strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

(k) No assistance shall be furnished under this Act to the Government of the Federal Peoples Republic of Yugoslavia unless and until the President determines that such Government has made an acceptable arrangement for the payment of claims arising out of the nationalization or other taking by such Government of property of persons who are citizens of the United States on the date of enactment of this Act, in any case in which (1) such persons were not citizens of the United States on the date of such nationalization or other taking, or (2) such nationalization or other taking occurred subsequent to July 19, 1948.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois to the committee amendment in the nature of a substitute.

The amendment to the amendment was agreed to.

Mr. MORSE. I now offer my last amendment. Following a vote on it, I am perfectly willing to vote on the bill. I cannot imagine anything more that I can say in opposition to the bill than I have already said. Therefore I have no intention of speaking on the bill after third reading. Undoubtedly other Senators will wish to address themselves to the bill, or offer amendments.

This is my last amendment. It is a very important amendment, and Senators ought to have an opportunity to vote on it. The amendment is the original House bill (H.R. 7885), a substitute for the pending committee amendment in the nature of a substitute. Lest Senators think that it is subject to a point of order, I inform them that I have cleared it with the Parliamentarian. I have stricken the administrative provisions in the bill at page 21 and 22. I have also stricken, on page 12, language having to do with the junta resolution.

I send the amendment to the desk. It speaks for itself. It gives Senators an opportunity to vote on the House bill. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point.

The amendment, which was ordered to be printed in the RECORD, is to insert the following in lieu of the committee amendment:

That this Act may be cited as the "Foreign Assistance Act of 1963".

PART I

Chapter 1—Policy

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "Policy" and section 101, which relates to short title, is hereby deleted.

SEC. 102. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to statement of policy, is amended as follows:

(a) In the last sentence of the seventh paragraph, strike out "should emphasize long-range development assistance" and insert in lieu thereof "shall emphasize long-range development assistance".

(b) Immediately after the seventh paragraph, insert the following:

"The Congress further declares that, in order to assure that each program of assistance under this part is administered in such a manner as will most effectively carry out the policies stated in this section, each request for authorization of funds for such program shall be accompanied by a detailed statement setting forth—

"(1) the purposes of such program,
"(2) the specific objectives of such program and

"(3) the priorities assigned to such purposes and objectives,

which will be adhered to in the administration of such program."

(c) The eighth paragraph is amended to read as follows:

"It is the sense of the Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts directed against the United States or against other countries receiving aid under this Act, whether or not such efforts are supported by the Soviet Union or Communist China."

(d) Immediately after the tenth paragraph insert the following:

"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries. It is further the sense of the Congress that short-term emergency purposes such as those referred to in the preceding sentence should be met, to the extent possible, through international institutions (such as the International Monetary Fund) which are equipped to condition assistance on immediate economic and monetary reform."

(e) The first sentence of the last paragraph is amended by inserting "(including private enterprise within such countries)" immediately after "countries".

(f) Immediately after the first sentence of the last paragraph insert the following new sentence: "In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all."

Chapter 2—Development assistance

Title I—Development Loan Fund

SEC. 103. The second sentence of section 201(b) of the Foreign Assistance Act of 1961, as amended, which relates to considerations to be taken into account in making loans from the Development Loan Fund, is amended as follows:

(a) Strike out clauses (1) and (2) and insert in lieu thereof the following: "(1)

whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(b) Strike out "and" at the end of clause (5).

(c) Insert immediately before the period at the end of such second sentence the following: ", and (7) the economic development plans of the requesting country, which plans should specifically provide for appropriate participation by private enterprise and include an analysis of current human and material resources, together with a projection of the ultimate objectives of the plans with respect to the overall economic development of such country".

SEC. 104. Section 202(a) of the Foreign Assistance Act of 1961, as amended, which relates to authorizations for the Development Loan Fund, is amended by inserting immediately before the period at the end thereof the following: "Provided further, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise".

SEC. 105. Section 201(d) of the Foreign Assistance Act of 1961, as amended, which relates to interest rates on development loans, is amended by inserting immediately after "in no event" the following: "less than 2 per centum per annum nor".

SEC. 106. Section 202(a), which relates to authorization, is amended by striking out "and \$1,500,000,000 for each of the next four succeeding fiscal years," and inserting in lieu thereof ", \$1,500,000,000 for the fiscal year 1963, \$900,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years,".

Title II—Development Grants and Technical Cooperation

SEC. 107. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) Section 211(a), which relates to general authority, is amended—

(1) by striking out "and" at the end of clause (5) contained in the second sentence thereof; and

(2) by inserting immediately before the period at the end of the second sentence the following: ", and (7) whether such activity could be financed through a development loan available under title I of this chapter".

(b) In section 212, which relates to authorization, strike out "1963" and "\$300,000,000" and substitute "1964" and "\$217,000,000", respectively.

(c) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for" and substitute the word "furnish".

(2) In subsection (b) strike out "to use" and "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for" and substitute "to furnish" before the word "assistance".

(3) Add the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, \$12,000,000, to remain available until expended.

Of the sums authorized to be appropriated under this subsection, not to exceed \$2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and \$2,000,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

Title III—Investment Guaranties

SEC. 108. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "\$1,300,000,000" in the proviso and substitute "\$2,500,000,000".

(3) In paragraph (2) strike out "\$180,000,000" in the third proviso and substitute "\$300,000,000".

(4) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224".

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b) (4) (F) of the Mutual Security Act of 1954, as amended, and section 111(c) (2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 222 by adding at the end thereof the following new subsection:

"(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States."

(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

- (1) In subsection (b) strike out "\$60,000,000" and substitute "\$150,000,000".
- (2) Strike out subsection (c).

Title VI—Alliance for Progress

SEC. 109. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

- (1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after "reasonable terms" the following: "(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest."
- (2) In subsection (e) strike out "economic" and substitute "economically".
- (3) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(b) Section 252, which relates to authorization, is amended as follows:

- (1) In the first sentence, strike out "fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year" and insert in lieu thereof "fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$450,000,000."
- (2) Immediately after "1963" the second time it appears therein, insert the following: "and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964."

(c) Section 252, which relates to authorization, is amended by adding at the end thereof the following new sentence: "In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise."

Chapter 3—International organizations and programs

SEC. 110. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively.

Chapter 4—Supporting assistance

SEC. 111. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$380,000,000", respectively.

Chapter 5—Contingency fund

SEC. 112. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out "1963" and "\$300,000,000" and inserting in lieu thereof "1964" and "\$150,000,000", respectively.

PART II

Chapter 1—Policy

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

- (a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each

such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,000,000,000, which", respectively.

(b) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(c) At the end of such chapter, add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter."

PART III

Chapter 1—General provisions

SEC. 301. Section 601(b) of the Foreign Assistance Act of 1961, as amended, which relates to encouragement of private enterprise, is amended as follows:

- (a) Strike out "and" at the end of paragraph (3).
- (b) Strike out the period at the end of paragraph (4) and insert in lieu thereof a semicolon.

(c) At the end thereof add the following new paragraphs:

"(5) utilize, wherever practicable, the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering); and

"(6) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries."

SEC. 302. Section 611(b) of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by striking out "Circular A-47 of the Bureau of the Budget" and substituting "the Memorandum of the President dated May 15, 1962".

SEC. 303. Section 611, of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by adding to the end thereof the following subsection:

"(e) The President shall establish such procedures as he may deem necessary to assure to the maximum extent practicable all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made in accordance with the same standards applicable to contracts made by the Federal Government for similar construction within the United States."

SEC. 304. Section 620(a) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba, is amended as follows:

- (a) Insert "(1)" immediately after "(a)".
- (b) Insert immediately after the second sentence thereof the following new sentence: "No funds provided under this Act shall be used to make any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present Government of Cuba."

(c) At the end thereof add the following new paragraphs:

"(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such gov-

ernment has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

"(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

"(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime."

SEC. 305. Section 620(e) of the Foreign Assistance Act of 1961, as amended, which relates to suspension of assistance, is amended as follows:

(a) In clause (2), immediately after "operational conditions," insert "or has taken other actions,".

(b) Strike out "equitable and speedy compensation for such property in convertible foreign exchange" and insert in lieu thereof "speedy compensation for such property in convertible foreign exchange equivalent to the full value thereof".

SEC. 306. Section 620(f) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing certain assistance to Communist countries, is amended by inserting immediately before the period after "Union of Soviet Socialist Republics" the following: "(including its captive constituent republics)".

SEC. 307. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended by adding at the end thereof the following new subsections:

"(1) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

"(j) No assistance under this Act shall be furnished to Indonesia unless the President

determines that the furnishing of such assistance is in the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

"(k) Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(l) No assistance shall be provided under this Act after December 31, 1964, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b) (1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b) (1).

"(m) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises.

"(n) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

Chapter 2—Administrative provisions

SEC. 308. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 631, which relates to missions and staffs abroad, add the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such persons may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special

missions or staffs outside the United States established under this section."

(b) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

(c) Amend section 636, which relates to provisions on uses of funds, by adding at the end thereof the following new subsection:

"(h) In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services."

(f) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "\$53,000,000" and substituting "1964" and "\$54,000,000", respectively.

Chapter 3—Miscellaneous provisions

SEC. 309. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 310. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-736 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) In section 2 strike out "\$500,000,000" and substitute "\$700,000,000."

(b) Insert following the enacting clause "That this Act may be cited as 'the Latin American Development and Chilean Reconstruction Act'."

SEC. 402. (a) Section 101(f) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended to read as follows:

"(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries."

(b) Section 105 of such Act is amended by adding at the end thereof the following new sentence: "The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States."

(c) Section 202 of such Act is amended by striking out "economic development" and inserting in lieu thereof "economic and community development".

SEC. 403. (a) Section 571(a) of the Foreign Service Act of 1946, as amended, is amended by changing the final period to a colon and adding the following: "Provided, That individual cases when personally approved by the Secretary further extension may be made."

(b) Section 911(2) of the Foreign Service Act of 1946, as amended, is amended by inserting immediately after "on authorized home leave;" the following: "accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family;"

(c) Title IX of the Foreign Service Act of 1946, as amended, is amended by striking out section 921(d), relating to use of Government vehicles, and by inserting immediately after section 913 the following new section:

"USE OF GOVERNMENT OWNED OR LEASED VEHICLES"

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

(d) Title X of the Foreign Service Act of 1946, as amended, is amended by adding at the end thereof the following:

PART I—EDUCATIONAL FACILITIES

"SEC. 1081. Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled 'An Act to provide certain basic authority for the Department of State', approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and payment of teachers and other necessary personnel."

SEC. 404. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170f-170t), is amended by inserting immediately after section 12 the following new section:

"SEC. 13. There is hereby established a working capital fund for the Department of State, which shall be available without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audiovisual, library and administrative support services; (2) central supply services for supplies and equipment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment,

and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. Not to exceed \$750,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund."

SEC. 405. The first sentence of the first section of the Act entitled "An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956 (70 Stat. 523), is amended to read as follows: "That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area."

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. McGOVERN], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Tennessee [Mr. GORE], and the Senator from South Dakota [Mr. McGOVERN] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from California would vote "nay."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Washington [Mr. JACKSON]. If present and voting, the Senator from Alaska would vote "yea" and the Senator from Washington would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Washington [Mr. MAGNUSON]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Washington would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Mississippi would vote "yea" and the Senator from Florida would vote "nay."

On this vote, the Senator from Tennessee [Mr. WALTERS] is paired with the Senator from New Jersey [Mr. WILLIAMS]. If present and voting, the Senator from Tennessee would vote "yea" and the Senator from New Jersey would vote "nay."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS] and Mr. HRUSKA are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Kentucky would vote "nay."

The result was announced—yeas 15, nays 68, as follows:

[No. 235 Leg.]		
YEAS—15		
Bible	Johnston	Russell
Byrd, Va.	Jordan, N.C.	Simpson
Cotton	Morse	Talmadge
Edmondson	Proxmire	Thurmond
Ervin	Robertson	Williams, Del.
NAYS—68		
Alken	Hart	Miller
Allott	Hartke	Monroney
Bartlett	Hayden	Moss
Bayh	Hickenlooper	Mundt
Beall	Hill	Muskie
Bennett	Holland	Nelson
Boggs	Humphrey	Neuberger
Brewster	Inouye	Pastore
Burdick	Javits	Pearson
Byrd, W. Va.	Jordan, Idaho	Pell
Cannon	Keating	Prouty
Carlson	Kennedy	Randolph
Case	Kuchel	Ribicoff
Church	Lausche	Saitonstall
Cooper	Long, Mo.	Scott
Dirksen	Mansfield	Smith
Dodd	McCarthy	Sparkman
Dominick	McClellan	Symington
Douglas	McGee	Tower
Eastland	McIntyre	Yarborough
Fong	McNamara	Young, N. Dak.
Fulbright	Mechem	Young, Ohio
Goldwater	Metcalfe	

NOT VOTING—17		
Anderson	Gruening	Morton
Clark	Hruska	Smathers
Curtis	Jackson	Stennis
Ellender	Long, La.	Walters
Engle	Magnuson	Williams, N.J.
Gore	McGovern	

So Mr. MORSE's amendment to the committee amendment in the nature of a substitute was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I have an amendment at the desk. I ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 54, after line 4, it is proposed to insert the following:

"Sec. 404. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is amended by inserting after the words 'such sums' a comma and the following: 'not to exceed \$5 million annually.'"

Mr. MILLER. Mr. President, 2 years ago, Congress removed the ceiling limitation of \$3 million annually for the U.S. contribution to the operations of the Food and Agriculture Organization. The purpose of my amendment is to add to the bill a new section which would restore a limitation, not of \$3 million, but of \$5 million. The reason is that if a limitation is not restored, I fear that this item will get out of control. I am speaking particularly about the administrative situation, for that is what my amendment relates to. It has nothing to do with the freedom-from-hunger campaign of the Food and Agriculture Organization, to which we contribute many millions of dollars worth of our surplus commodities.

Since the removal of the dollar limitation of \$3 million a year, for the years 1962 and 1963, the amount was increased to \$4,591,668. It is now proposed, in the new budget which is being considered, after raising our contribution by \$1,500,000 for each of the past 2 years, to raise the contribution another \$1,300,000 for the next 2 years. I suggest that this practice will continue unless we do something in the nature of restoring the dollar limitation.

The House Committee on Appropriations has already sent to the Senate a bill proposing an appropriation of \$4,591,000 for the next year. My amendment would place the dollar limitation at \$5 million. I suggest that this would provide ample room within which the Senate Committee on Appropriations could work.

Mr. MORSE. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield to the Senator from Oregon.

Mr. MORSE. Would the effect of the Senator's amendment be to increase the amount of authorization in the bill?

Mr. MILLER. No, it would not, because there is no dollar authorization limitation in the present law or in the bill. We removed completely the authorization limitation of \$3 million 2 years ago.

Mr. FULBRIGHT. Mr. President, I have conferred with the Senator from Iowa about the amendment. The amendment was not presented to the committee. I am not completely satisfied as to its meaning; but as it has been explained to me by the Senator from Iowa, I am quite content to take the amendment to conference, if nothing serious develops in opposition to it. If it does, as I have explained to the Senator, I could make no promises about it, because I have had no opportunity to

consider the amendment, other than this afternoon, after he mentioned it.

Mr. MILLER. I thank the distinguished Senator from Arkansas for his comments and for his gracious consent to take the amendment to conference.

The Committee on Foreign Relations had no opportunity to consider this problem, because it has been only in the past few days that the proposed budget of the Food and Agriculture Organization for the next biennium has been published. It was not until that happened that the problem of what to do about the dollar limitation was presented. That is the purpose of my amendment. I trust there will be no difficulty with the amendment in conference.

The PRESIDING OFFICER (Mr. INOUYE in the chair). The question is on agreeing to the amendment of the Senator from Iowa to the committee amendment, as amended, in the nature of a substitute.

The amendment was agreed to.

Mr. MILLER. Mr. President, I offer one last amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 48, line 3, it is proposed to strike out the word "located."

Mr. MILLER. Mr. President, if Senators will turn to page 48 of the bill, I shall discuss the purpose of the amendment.

It will be recalled that the purpose of subsection (j), on page 47 of the committee amendment, as amended, was to prevent the giving of our aid for projects owned or controlled by the national governments of the recipient nations in cases in which such goods or services could be provided by private businesses. I understand that the Senator from Ohio [Mr. LAUSCHE] had a great deal to do with the inclusion of this provision in the committee amendment.

However, at this time the committee amendment, as amended, provides, on pages 47 and 48 that such assistance shall not be furnished "except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area."

I suggest that the word "located," as used at that point in the committee amendment, would improperly tie the hands of the administrator of the program, because it would literally mean that such business must be located there at that time. But if the word "located" were deleted, the committee amendment would allow the administrator to have the discretion of deciding whether such a business is operating in that country or whether such a business may within a reasonable time come into being there and provide such goods or services. I am sure that was the intention of the drafters of this provision, including the Senator from Ohio.

Mr. LAUSCHE. Mr. President, the provision of the committee amendment to which the amendment of the Senator from Iowa relates had its origin in the provision of our aid for the establishment of a steel plant in India. It was

the purpose of our Government to make a loan for the establishment of a governmentally owned steel plant in that country at a time when privately owned enterprise was operating at below capacity in the production of steel. My amendment provided that no assistance shall be granted by the U.S. Government to a recipient country for the purpose of establishing a socialistically operated industry to compete with private industry in that country.

I say, with the greatest emphasis, that I have an implicit and unyielding belief in the correctness of the principle that we are making a grievous mistake by lending and granting money to establish socialistically operated industries within the boundaries of the countries we benefit.

After the argument in the Foreign Relations Committee, I accepted a modification of my proposal. It was argued that if private industry there is not doing an adequate job, we should not deny the beneficiaries of our bounty the opportunity to establish a socialistic government operated enterprise; and when I use that word, I drop my voice, to indicate how I feel.

The Senator from Iowa has proposed the elimination from this provision of the word "located." His argument is that he wishes to make sure that private industry now located there or willing to locate there in the near future will have an opportunity to provide goods or services when requested to do so by a socialistically operated government.

The amendment of the Senator from Iowa to this portion of the committee amendment—in other words, to my amendment, which is incorporated at this point in the committee amendment—should be accepted, because it covers not only the present situation, but also a situation in which an industry is willing to establish itself in the immediate future. Thus, it seems to me there is no controversy over this question.

Mr. FULBRIGHT. Mr. President, I have discussed this subject with the Senator from Iowa. I do not believe the proposed amendment would make any substantial difference, as compared with the provision now contained in the committee amendment, as amended. But inasmuch as the author of this part of the committee amendment sees no reason to object to the amendment, I shall not object to it.

However, I wish to make very clear that I do not interpret the provision as thus amended, and I do not think it can reasonably be interpreted to mean that any prospective business which might in the unknown or unlimited future supply such goods or services could be considered as meeting this requirement of the committee amendment, as thus amended. Under this amendment, I think such businesses would be limited to those which would be proposing to supply such goods or services at the time when the consideration was being given.

However, I do not believe the amendment would make any difference; and, for that reason, I am willing to accept it.

Mr. MILLER. Mr. President, I wish to make clear that in connection with this amendment to the committee amend-

ment there is no purpose to permit an administrator to look far into the future to find a private business which might some day provide such goods or services. The purpose of the amendment is as follows: If there is a reasonable assurance that a private business will within a reasonable time provide such goods or services, the Administrator may then provide assistance.

Mr. DODD. Mr. President, will the Senator from Iowa yield?

The PRESIDING OFFICER (Mr. INOUYE). Does the Senator from Iowa yield to the Senator from Connecticut?

Mr. MILLER. I yield.

Mr. DODD. I assume that we are trying to legislate for present purposes and present businesses; is that correct?

Mr. MILLER. We are trying to do so; we are trying to legislate for the immediately foreseeable purposes. So I would not want this amendment to be regarded as throwing open the administration of this provision to the use of unreasonable discretion in terms of the future.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa to the committee amendment, as amended.

The amendment to the committee amendment, as amended, was agreed to.

Mr. COOPER. Mr. President, to the committee amendment, as amended, I offer an amendment which I send to the desk and ask to have stated. I offer the amendment for myself, the Senators from New York [Mr. KEATING and Mr. JAVITS] and the Senator from Colorado [Mr. ALLOTT].

The PRESIDING OFFICER. The amendment of the Senator from Kentucky to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 39, between lines 17 and 18, it is proposed to insert the following:

TITLE VII—EVALUATION OF PROGRAMS

SEC. 107. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is further amended by adding at the end thereof a new title as follows:

"TITLE VII—EVALUATION OF PROGRAMS

"SEC. 261. The President shall appoint such committees as may be necessary which, except as provided in Sec. 262, shall be composed of either three or five members, a majority of whom shall be representatives of the public, to review and evaluate the economic development program of each country receiving economic aid under this Act, and to report to the President and to the Congress their findings with respect to the following—

"(1) whether the recipient country (a) has a practical development program which affords a reasonable expectation that the objectives of such program will be attained, taking into consideration the human and natural resources and fiscal capabilities of the country, (b) is providing the maximum amount of self-help within its capabilities, and (c) has adopted the fiscal, administrative, and social reforms necessary to the success of such program;

"(2) whether the specific projects to which United States aid is allocated will contribute materially to the fulfillment of the primary needs of the recipient country's development, and to the purpose of the United States to assist in strengthening democratic processes, the economy of the

country, and in raising the standards of living of the people of that country; and

"(3) such other matters as in their opinion will be useful to the Congress in its consideration of legislation authorizing or appropriating funds for financing foreign aid programs for fiscal year 1965 and subsequent fiscal years.

"Sec. 262. Committees referred to in section 261 shall be appointed first to review the economic development programs of those countries receiving the largest amount of assistance and which in fiscal year 1963 collectively received one-half of the total assistance extended by the United States under its foreign assistance programs. In addition to the foregoing committees, a committee of such size as the President may find necessary, a majority of whose members shall be representatives of the public, shall be appointed to review the economic development programs of those countries included in the Alliance for Progress program in accordance with the criteria set forth in section 261, and evaluate the progress of the Alliance. All committees referred to in this section shall report their findings not later than January 1, 1965; reports of committees for other countries shall be made not later than June 1, 1965.

"Sec. 263. Legislation authorizing or appropriating funds for carrying out economic development programs for fiscal years after the fiscal year 1965 shall not be enacted until the Congress has received and considered the reports referred to in this title for the countries referred to in section 262.

"Sec. 264. Members of committees referred to in section 261, who are not otherwise employed by the Government, shall receive compensation at rates to be fixed by the President without regard to the Classification Act of 1949, as amended, and shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 for travel and other expenses incurred in carrying out their functions. The compensation and expenses of members of a committee appointed to review economic development programs of any country may be paid out of any funds available for use in carrying out such programs in such country."

Mr. COOPER. Mr. President, I ask unanimous consent that the names of the Senator from Oregon [Mr. MORSE], the Senator from Iowa [Mr. MILLER], the Senator from Delaware [Mr. BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from California [Mr. KUCHEL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from New Jersey [Mr. CASE], the Senator from Kentucky [Mr. MORTON], the Senator from Kansas [Mr. PEARSON], the Senator from Missouri [Mr. LONG], and the Senator from West Virginia [Mr. RANDOLPH] be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. Mr. President, the amendment I offer is not a hastily conceived amendment. Last year I offered an amendment, similar in its substance, though not as detailed as this amendment, to the foreign aid bill. It was accepted by the acting chairman of the committee, the Senator from Alabama [Mr. SPARKMAN], but it was not retained in the House-Senate conference.

Earlier this year I submitted Senate Concurrent Resolution 34 for myself, the Senator from New Jersey [Mr. CASE], the Senator from Hawaii [Mr. FONG], the Senators from New York [Mr. JAVITS and Mr. KEATING], the Senator from Cali-

fornia [Mr. KUCHEL], the Senator from Missouri [Mr. LONG], the Senator from Iowa [Mr. MILLER], the Senator from Kentucky [Mr. MORTON], the Senator from Kansas [Mr. PEARSON], and the Senator from West Virginia [Mr. RANDOLPH], which embodied the substance of the amendment which I have offered this evening.

Later, on October 22, I offered an amendment to the pending bill, H.R. 7885, I spoke on the subject in the Senate on March 21 and March 28. I also testified before the Foreign Relations Committee in support of the amendment, which I have now called up for action.

The essential purpose of the amendment is to extend the work of the Clay Committee, which has had such a profound effect. As we all know, the Clay Committee evaluated the Foreign Aid program in its totality. My amendment would require an evaluation of our foreign economic aid program in each country which is a recipient of our foreign aid.

The amendment proposes the means by which the evaluation will be made. The President would be directed to appoint small committees of three or five members, a majority of whom shall be representatives of the public. If there were a committee of three, the President might appoint a member from the State Department, or whatever aid agency is in charge of the program, and two members of the public. If there were five, at least three members from the public must be included.

The amendment makes an exception with respect to the evaluation of the program of the Alliance for Progress, and the countries which are included in the Alliance. The President would determine the size of the committee which would be appointed for the evaluation of the countries included in the Alliance for Progress, as it might require more than five members, but the majority of members must be representatives of the public.

My reason for offering the amendment is that, frankly, I do not believe the Congress or the public has enough information upon which to make a proper evaluation of the foreign aid program; to determine whether it should be continued in its totality or abandoned; whether to continue the program with respect to certain specific countries; or, and I believe most important, what can be done to strengthen the program and make it more effective.

I have not heard all of the debate on the bill because I was unavoidably away part of the time, but I must say that I believe it has been one of the best debates on the foreign aid program that we have had in several years. I pay my tribute to the Senator from Oregon [Mr. MORSE], the Senator from Ohio [Mr. LAUSCHE], the chairman of the committee [Mr. FULBRIGHT], the Senator from Vermont [Mr. AIKEN], and the other members of the Foreign Relations Committee, who have given us a great deal of information.

I have been interested in the foreign aid program for many years. As Senators know, I have supported it. I believe it to be a program in our own self-inter-

est, and one which is helpful to countries struggling to advance. But in recent years I have voted to reduce appropriations, chiefly upon amendments offered by the Senator from Louisiana [Mr. ELLENDER], because, although a supporter of the program, I did not believe that the program was as effective as it should be, either in its assistance to other countries or to the achievement of our own good purposes.

I do not see how we can determine the effectiveness of the program in each country we aid unless an objective, independent examination is made by such a committee as I propose. I contemplate the President would appoint such able men as were included in the Clay Committee. I am honored to name them: Lucius D. Clay, Robert B. Anderson, Eugene R. Black, Clifford Hardin, Robert A. Lovett, Edward S. Mason, L. F. McCullom, Herman Phleger, Howard A. Rusk, and George Meany.

I have read many times the reports of the Foreign Relations Committee, and the reports made by our foreign aid agencies. It is extremely difficult to find in these reports information about the effectiveness and the progress of the program in any specific country. I know that the General Accounting Office makes reports upon the program in specific countries. It is difficult for us to obtain that information. And, it is more probable that the reports point out the defects of the program—as is the duty of the GAO—rather than the good that may be done.

The criteria to be followed in the evaluation, which I and my cosponsors have written into the amendment, essentially follow the recommendations of the Clay Committee. These criteria would be directed toward the specific countries. The committee would determine, first, whether the country to which we advance funds has a practical development program which offers a reasonable expectation of attainment; second, whether it is providing the maximum amount of self-help; and, third, if it has adopted fiscal and social reforms necessary to the success of the program.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. FULBRIGHT. Is not the Senator's amendment different from the previous proposal in that the amendment would not require a separate committee for each country?

Mr. COOPER. I never contemplated that there would be a separate committee for each country. I contemplated that an examination of the program would be made in each country. My amendment states—

The President shall appoint such committees as may be necessary.

One committee might evaluate the program in six or seven countries. Ten committees might be able to do the entire job. In response to the chairman's question, the purpose is the same, but I believe the language in the pending amendment is better.

Mr. FULBRIGHT. The amendment would leave the discretion in the President as to how many committees he would appoint.

Mr. COOPER. Yes, the Senator is correct. Returning to the criteria, the committees would be also required to make an evaluation of the projects to which our aid is allocated, to determine if they contribute effectively to the primary needs of the country's development and at the same time serve our purpose of assisting in strengthening the sovereignty and democratic processes, the economy, and in raising the standards of living of the people of the country.

I drew from my short experience as Ambassador to India. Valuable and effective as our program in India was, a part of our aid was channeled off into secondary projects which, while of importance, were not of essential importance to development of the country.

The question, may be raised whether the examinations would be superficial. My answer is, that if the President appoints committees with members of the type who served on the Clay Committee—and I have confidence that he would do so—the examinations will not be superficial.

Second, objection may be made concerning its cost. If it should cost \$100,000 or \$500,000, and I do not believe it would, this amendment would undoubtedly save millions of dollars. And, most important if it helped develop a program which meets the purposes of our country and the needs of the other countries, it would be worth much to the advancement of many countries throughout the world, to our security, and our best purposes in providing aid. The amendment also provides that the cost can be paid from the aid allocated to countries whose programs are evaluated.

I have argued this before several times in the Senate, and also before the Foreign Relations Committee. I intend to ask for a record vote upon the amendment because the debate of the last 3 weeks has shown several things. It has shown, first, that the Congress does not intend to abandon the foreign aid program. But the debate has also shown that Congress distrusts the foreign aid program. And, in my judgment, the debate shows that Members of the Senate, with the exception of the members of the Foreign Relations Committee—and others who have special responsibilities such as the Senator from Alaska [Mr. GRUENING]—do not have the information upon which to make a rational judgment as to whether the aid program should be discontinued, or whether it should be continued, or how it could be strengthened. I believe it is in our interest to continue a foreign aid program of reasonable proportions, within our capabilities, if it can be truly effective. But it will not be effective, and it will not be continued, unless the Congress and the country can secure the information which I believe the amendment we offer will provide.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. PASTORE. I should like to compliment the Senator from Kentucky on his constructive suggestion. I believe one of the distressing and confusing experiences which we have had during the

debate is precisely what the Senator from Kentucky has pointed out.

As I have sat here hour after hour, I have been impressed with some of the criticisms made of some of these programs. Then those criticisms were refuted by the distinguished chairman of the Foreign Relations Committee. Inasmuch as he is so well versed in international relationships, I have been inclined to follow him each time I voted. But, the fact remains that we are in no position to know precisely what the situation is in any one of these countries.

I believe the right approach is the approach suggested by the Senator from Kentucky, to leave it to the administration to choose a committee of interested, impartial, public-spirited people who will make a survey of these countries to determine the merits of the program and to report. I believe that is one way we can find out what the facts are.

Mr. COOPER. I thank the Senator very much. The amendment provides, further, that the reports shall be made not later than January 1, 1965, and—this is very important—that in the absence of such reports, authorizations and appropriations for foreign aid for the fiscal years following 1965 shall not be made. This section provides teeth for the amendment.

I offer this amendment as a strong supporter of foreign aid throughout my service in the Congress, but with the conviction—which I have expressed for several years—that it must be made effective and within our means.

I thank my colleagues who have joined in this amendment and given it strong support.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. JAVITS. I am honored to join with the Senator from Kentucky in his amendment. I believe it is constructive and can only help what should be the fundamental objectives of our Nation in respect to these programs.

I should like to testify to the Senator's sense of reasonableness and responsibility in changing section 263 of his amendment so that the prohibition would apply after the fiscal year 1965.

Mr. COOPER. I thank my colleague for his help. I thank also my colleague, the Senator from West Virginia [Mr. RANDOLPH], who has given such strong support in cosponsorship of the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MORSE. On this point of legislative history, I believe we should make it clear that the Senator is not proposing a large number of committees. A large number of committees would defeat the purpose of his amendment. We must have a small number of committees to deal with this matter on a regional basis, since each area has common problems. For example, there could be a committee for NATO, a committee for a large section of Africa, a committee for the Middle East, a committee for Latin America, a committee for the Caribbean and a committee for Southeast Asia. I do not believe there should be more than seven or

eight committees at the most. If there are 50 or 60 committees, not only would the cost be inextricable but also, I believe, that would defeat its purpose.

Mr. COOPER. The Senator from Oregon has interpreted my view correctly. I believe that 8 or 10 committees could do the job.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. SALTONSTALL. With regard to section 263 of the amendment of the Senator from Kentucky, do I understand correctly that in Latin American and other countries the report would not affect the appropriations for fiscal year 1965?

Mr. COOPER. That is correct.

Mr. SALTONSTALL. It would affect fiscal year 1966?

Mr. COOPER. After fiscal year 1965. I propose that, because there does not appear to be time enough to make the evaluations before that time.

Mr. SALTONSTALL. Regarding section 262, why would the Senator from Kentucky confine the committee's study to countries collectively receiving one-half of total assistance?

Mr. COOPER. Because I thought it would be more practicable. I understand there are about 15 countries that receive one-half the aid. If those countries which receive half our foreign aid—I understand about 15—were examined and evaluated as the first order of business, the most important part of the work would be done first. The others could follow.

Mr. SALTONSTALL. So the reports would come in the next calendar year but would not apply until after fiscal year 1965?

Mr. COOPER. That is correct.

Mr. SALTONSTALL. I thank the Senator.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. AIKEN. As a member of the Foreign Relations Committee, let me say that the bill which is now before us, in my opinion, is as good a bill as we could report with the information and the knowledge that we had on hand.

I freely confess that we did not have all the knowledge we should have had, to report a better bill. I believe the amendment offered by the Senator from Kentucky would be very helpful.

It has been perfectly obvious from the debate which has taken place in both Houses of Congress, and from the lack of communications received from the country—which is in sharp contrast to the urgings to support a foreign aid bill that deluged us in previous years—that the foreign aid program, as we now know it and as it is now being administered, has only another year or two at most to go.

We do not wish to break it off abruptly. When the time comes, if it comes, that unsatisfactory administration results, it is quite evident we are likely to cut it off and leave nothing but possible chaos in our relationships with many countries with whom we should have good relationships. So I believe that the proposal of the Senator from Kentucky is a good proposal, and I shall support it.

Mr. COOPER. I thank the Senator very much.

Mr. DODD. Mr. President, will the Senator yield?

Mr. COOPER. I yield to the distinguished Senator from Connecticut [Mr. Dodd].

Mr. DODD. I am very much in favor of the amendment of the Senator from Kentucky. I wish, however, that he would repose the authority to appoint committees in the Congress. I have grave doubts that any administration will appoint a committee which it believes will work against what it specifically desires.

I believe we would do better—and I say this with the highest respect for the Senator—if, in his amendment, the authority to appoint committees to study these countries were reposed in the Congress. This is an "old saw" of mine. I believe we have been constantly whittling away our constitutional power and responsibility in the legislative branch.

I am sure the Senator from Kentucky was not thinking of that, but I wonder if he would not agree that it would be better if Congress appointed the committees.

Mr. COOPER. I understand the suggestion of the Senator from Connecticut. I believe, though, that the responsibility for administering the program should rest with the executive branch. The President did appoint a good committee in the Clay Committee, and I believe future committees will carry out the mandate of the President. I prefer to leave it as it is.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. COOPER. Mr. President, I yield the floor.

Mr. ROBERTSON. Mr. President, nothing, in nearly 3 weeks of debate, has more clearly illustrated the kind of bear we have by the tail than this amendment offered by a consistent friend of the foreign aid program. I pointed out a few days ago that when we started the Marshall plan it was to end in 1951—11 years ago.

Last year we appropriated \$3,900 million. This year the President asked for \$4,900 million, which was twice what we appropriated at the height of the need in 1949 for the foreign aid program.

Now we have a distinguished Member of the Senate—if he voted for a single cut in this program, I do not recall it—saying, "I know there is going to be waste, but I do not know how much."

No Member of Congress knows how much we are going to waste. The General Accounting Office, which checks all the figures, cannot tell us how much we are going to waste.

We are going to spend \$4 billion, more or less—and I hope it will be less before we finish with the appropriation bill—in 107 foreign nations. But the Senator wants to set up two or three committees to tell us where the waste is and what to do next time.

In 3 weeks of debate there has not been a more eloquent plea made to cut this program down to size, and then end it. He knows, and we all know, that the taxpayers' money is being wasted. This

amendment admits it and calls on us to set up a committee to check into nearly \$4 billion of expenditures all over the world—an impossible task. The entire force of the General Accounting Office could not give us an accounting on expenditures of that size.

I feel very happy over the votes I have cast to cut down this program, and I shall feel still more happy over the vote I shall cast against passage of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER], for himself and other Senators, to the committee amendment in the nature of a substitute, as amended.

Mr. LAUSCHE. Mr. President, I shall support the amendment of the Senator from Kentucky. I feel obliged to state that the Senator from Kentucky has voted for cuts in the foreign aid program. He voted for the Mansfield-Dirksen amendment, and he voted for other cuts.

There may be reasons for doubting whether this amendment should be adopted, but all it provides is that there be appointed impartial outsiders to make recommendations as to what the program should be. If there is any weakness in the proposal of the Senator from Kentucky, it rests in the field described by the Senator from Connecticut. Instead of the administration appointing the persons who will make the study, the Congress should be given some authority, either to appoint the entire group, or at least to appoint a number of them.

Mr. DODD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. DODD. I am complimented by the Senator's reference to my suggestion. I do not know why we continue to say, "The executive shall decide, in its discretion." I do not question the intent of any President of the United States, but I do not know why we do not take the responsibility. If we want committees appointed to study these matters, why not appoint them? We are the people's representatives. As between the judicial, the executive, and the legislative branches, primacy resides in the legislative branch. I wish the Senator from Kentucky had so provided. Nevertheless, I shall support his amendment.

Mr. LAUSCHE. All the Senator from Kentucky requests is that a board be appointed, made up of individuals interested in public affairs, as distinguished from interest in specific aspects of this program. That board is to report to the Congress and to the President as to what should be done.

I do not see anything wrong with this proposal. I think it has tremendous strength.

Finally, the Senator from Kentucky has voted for cuts. He has not subscribed to all the authorizations requested.

Mr. COOPER. As I said earlier, I have done so for several years, because I believed the program not wholly effective. This year I voted for the Holland amendment and the Mansfield-Dirksen amendments, reducing the program by nearly \$400 million.

I have offered this amendment in good faith, as one who has supported foreign aid, in an attempt to obtain the information we need to make proper judgments about the value and effectiveness of our foreign aid program in each country we aid.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Kentucky [Mr. COOPER], for himself and other Senators, to the committee amendment in the nature of a substitute, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Michigan [Mr. McNAMARA], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Michigan [Mr. McNAMARA], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Jersey [Mr. WILLIAMS] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS] and Mr. HRUSKA are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Kentucky [Mr. MORTON] would each vote "yea."

The result was announced—yeas 79, nays 1, as follows:

[No. 236 Leg.]

YEAS—79

Alken	Bennett	Byrd, W. Va.
Allott	Boggs	Cannon
Bartlett	Brewster	Carlson
Bayh	Burdick	Case
Beall	Byrd, Va.	Church

Cooper	Johnston	Pell
Cotton	Jordan, N.C.	Prouty
Dirksen	Jordan, Idaho	Proxmire
Dodd	Keating	Randolph
Dominick	Kennedy	Ribicoff
Douglas	Kuchel	Robertson
Eastland	Lausche	Russell
Edmondson	Long, Mo.	Saltonstall
Ervin	Mansfield	Scott
Fong	McClellan	Simpson
Fulbright	McGee	Smith
Goldwater	McIntyre	Sparkman
Gruening	Mechem	Symington
Hart	Metcalf	Talmadge
Hartke	Miller	Thurmond
Hayden	Monroney	Tower
Hickenlooper	Morse	Williams, Del.
Hill	Moss	Yarborough
Holland	Mundt	Young, N.Dak.
Humphrey	Nelson	Young, Ohio
Inouye	Pastore	
Javits	Pearson	

NAYS—1

McCarthy

NOT VOTING—20

Anderson	Hruska	Muskie
Bible	Jackson	Neuberger
Clark	Long, La.	Smathers
Curtis	Magnuson	Stennis
Ellender	McGovern	Walters
Engle	McNamara	Williams, N.J.
Gore	Morton	

So Mr. COOPER's amendment to the committee amendment in the nature of a substitute was agreed to.

Mr. MUNDT. Mr. President, I call up my amendment No. 305 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 54, after line 4, it is proposed to insert the following:

SEC. 404. Neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of grain or any product thereof by such country, agency, or national.

Mr. MUNDT. Mr. President, my amendment is comparatively short. It is, however, very significant. If I may have a reasonable degree of attentiveness on the part of Senators, I shall be able to shorten my explanation.

I had not intended to offer any amendment to the bill, even though I am a member of the Committee on Foreign Relations. As Senators know, an eye problem made me unable to attend the final markup of the bill. I did not feel that I should intrude myself belatedly into the discussion by offering an amendment, and would not have done so had it not been for the fact that my attention was called to an article written by Mr. Vincent J. Burke, appearing in the Los Angeles Times and Washington Post on November 5. It appears on page 21573 of the CONGRESSIONAL RECORD of November 12 on which date I made a preliminary discussion of this amendment, what it entails, and why I consider it imperatively necessary.

The article states, in part:

The Federal Government has decided to underwrite all of the credit risks for American banks engaged in financing the sale of \$6 million worth of surplus U.S. grain to Communist Hungary. It is expected that similar credit guarantees will be extended to the pending \$250 million sale of wheat to the Soviet Union.

When I read that article, I sought confirmation of it. Therefore, I communicated with the Export-Import Bank and asked whether, in fact, we were now, in 1963, being called upon to approve an entirely new departure in the entire concept of foreign aid and trade, whereby, for the first time, for the Communist bloc, the American taxpayers will be asked to underwrite the credit of Communists for the purchases that they make in America.

I find that that is precisely the case. I have here the material from the Export-Import Bank. I shall not read it all tonight because of the lateness of the hour, but I shall place it in the RECORD. It is in response to eight specific questions I had the clerk of the Committee on Foreign Relations propound to the Export-Import Bank. I shall read this much of the statement, because it is a part of the statement that the distinguished Senator from Arkansas [Mr. FULBRIGHT] placed in the CONGRESSIONAL RECORD. It will be found on page 21576 of the RECORD of November 12. I quote:

The Export-Import Bank has announced terms which would be extended, if accepted, to any of the deals between American suppliers and Soviet block purchasers of commodities.

I want Senators to know of this, because either they will subscribe to this policy or they will denounce it when they vote on this amendment tonight. We have voted I believe unanimously for the Cooper amendment, which indicates that after 15 years of foreign aid to the free world, we are a little dubious as to whether we shall continue it beyond fiscal year 1965. We want to take another look at what we are now supplying as aid to 107 foreign countries. However, unless we approve the pending amendment, we shall be supplying aid to 109 foreign countries—107 countries of the free and neutral world, and 2 countries of the Communist bloc—Russia and Hungary. That is in the record. We shall either approve it or disapprove it by our yeas-and-nays votes on my amendment.

I continue to read from the statement made by the Export-Import Bank itself, which you will find in the RECORD of November 12 when I first presented and discussed this amendment.

The Export-Import Bank stresses that there is nothing new in these arrangements—

That is, extending credit.

Let me emphasize—If all Senators are not aware of it, their constituents should be—and after tonight they will be—that every dime in the Export-Import Bank is American money, contributed by Americans. I am not talking about a world bank; I am not talking about some international development bank; I am talking about a bank financed solely by American taxpayers, which is now being asked to underwrite credit to Communist Russia and Hungary for 75 percent of the \$250 million transaction in wheat and corn. You can be sure if this is done, the Export Bank will later extend vast American credit guarantees to Communist countries for all sorts of other purchases. Fortunately only the wheat and corn sales to the Communists are involved in the present notice of de-

parture from established American practice.

If Senators want to approve such a program, they may do so. But certainly after having discovered this information, I felt honor bound to call it to the attention of Senators and to point out where I think such a program will lead, if we allow the credit of America to be used to underwrite Communist credit.

The Export-Import Bank says—and I read it from their own material—that there is no precedent for such a transaction with a Soviet bloc country. So in the year 1963, either they will initiate a precedent and we will approve it by defeating my amendment, or they will not initiate it, and we will approve my amendment and defeat their plan.

At least, we will express the sense of the Senate on this measure, and we should send my amendment to conference, where the conferees can wrestle with the problem, and we will not be guilty of opening up a new type of foreign aid program to Communist bloc countries supported by American credit underwritten by American taxpayers.

To be perfectly fair, I should say that loans have been made by the Export-Import Bank to Yugoslavia. As Senators know, Yugoslavia has many times been considered by this body in a separate category or in a special status. We have made concessions to Yugoslavia which we have never made to the bloody Communist government of Hungary, which at gunpoint put down the effort of Hungarians to become free. We have never made such concessions to Russia. I hope we do not approve such a self-defeating move tonight.

Mr. SYMINGTON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. SYMINGTON. As I understand the Senator, he is saying that the U.S. Government proposes to support any possible sale of grain to the Soviets with its own credit.

Mr. MUNDT. That is correct; and to Hungary, too.

Mr. SYMINGTON. In answer to criticism from my State about this transaction, I replied that inasmuch as Canadians were selling wheat for gold to Communist China, to the extent of some \$500 million, and inasmuch as the Canadians were also selling wheat for gold to the Russians to the same extent, I felt, in order to help protect our continuing unfavorable balance of payments, that it was only fair this country, through private transactions, especially as we are now banking freedom, and these other economies of the free world are operating under the nuclear umbrella protection of the United States, would allow our Nation to sell for gold, our excess agricultural products.

However, as I understand the able Senator from South Dakota, now the grain would not be sold for gold; in fact the sale would be on terms and would be financed by the U.S. Government through the Export-Import Bank. Is that correct?

Mr. MUNDT. The Senator is absolutely correct, with one modification. The terms provide for a 25 percent payment in cash, and 75 percent as credit.

The 75 percent in credit is to be underwritten by the Export-Import Bank, which is financed by American money.

I am not proposing this evening anything which would interfere with the proposed wheat sales and corn sales to Russia, if the sales are made for cash. If they are made for gold, as the Senator from Missouri points out, and as he thought, and as I thought the sales would be—and we listened to the same testimony in the Committee on Foreign Relations, namely, that the transaction was to help with the balance-of-payments problem—my amendment will not interfere with any cash sale; it would not interfere with any short-term private credit extended by American banks or by exporters who want to supply the credit.

My amendment would not interfere with a sale if it were to be repaid in some Russian-made goods which could be converted into American currency. But I do not propose to start financing both sides of the cold war at the same time with American money. I do not propose that we should permit the use of American credit to pick up the possible bad debts of Russia and Hungary in a purchase of this kind. I do not want to force Americans to underwrite the bad faith and the bad credit of Communist dictators.

Mr. FULBRIGHT. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. FULBRIGHT. The Senator speaks of a loan. To be accurate, this is the way the transaction would work: Private banks in New York would handle most of this deal by making loans to grain companies in this country. Let us use Cargill as an example. Cargill is one of the large grain dealers. The bank would make an interim loan for the financing of the transaction. The terms would be 25 percent down, and the remainder in 18 months. One-third of the balance would be paid every 6 months. What the Export-Import Bank would do would be, for a fee, to insure payment.

Is it not true that in the case of certain sales of grain by Canadians to Communist-bloc countries, the Canadians have come to New York and have used either the Export-Import Bank or a private bank—that is, American capital—to underwrite the insurance payment of the short-term credits when they come due?

Mr. MUNDT. I believe they have used private capital. I am not aware that they have used Export-Import Bank capital. My amendment does not prevent private banks extending credit to Russia.

Mr. FULBRIGHT. Is it not true that there has been no default in the case of Canadian wheat?

Mr. MUNDT. Not yet. After all, there would be precious little time for default as yet. Most of the wheat is not yet on the ocean.

Mr. FULBRIGHT. But substantial sales were made to China 2 or 3 years ago.

Mr. MUNDT. Most of those were on a long-term credit basis. There has been no opportunity for default on the credit for those transactions.

Mr. FULBRIGHT. I do not know how long ago those transactions were made. They were also arranged on somewhat similar terms—not 5- or 10-year terms, but relatively short terms.

In the case of both U.S. wheat and Canadian wheat, it is generally expected that the terms will provide 18 months for the three quarters of the remainder to be sold. All the Export-Import Bank will do, for a fee, will be to insure for the payments. They have already done this, as the Senator has indicated, according to the committee staff memorandum which I placed in the Record, and also in the answers to questions which the Senator from South Dakota himself submitted to the Export-Import Bank. This procedure has been followed twice in the case of Yugoslavia and also in connection with many other countries.

Mr. MUNDT. No other Communist-bloc countries.

Mr. FULBRIGHT. No; we refused to sell to them. There have been many speeches on the floor, some for and some against the wheat deal. As I recall, one was made by the distinguished Senator from Kansas [Mr. CARLSON], and another by the Senator from North Dakota, or perhaps it was the Senator from South Dakota—not the senior Senator from South Dakota [Mr. MUNDT], but the junior Senator from South Dakota [Mr. McGOVERN], approving these sales. This announcement is one aspect of the transaction. If I am properly informed, the balance pays 5 percent. I believe the memorandum states 5 percent.

Mr. MUNDT. I believe the Senator is correct about the rate.

Mr. FULBRIGHT. Part of this pays for the insurance. I understand that the Senator disapproves of such sales.

I notice that in his amendment he provides a limitation that it will apply only to the purchase of grain or any other agricultural commodity. Apparently he does not want the amendment to apply to the purchase of machine tools of similar products.

Mr. MUNDT. As the Senator knows, we have not been shipping such articles to Russia.

Mr. FULBRIGHT. At any rate, I point out that I have no particular interest in wheat. However, I do approve of selling it to the Communist bloc, rather than to Germany or some other free country which then will be able to sell it to the Communist bloc, and thus make a profit on it. I believe we have been very improvident in allowing our prejudice to override our business judgment.

But I point out that this amendment does not relate to aid. The other night the Senator said we make some great concession by negotiating a price for shipment in American bottoms. However, that is not a concession; and this amendment does not relate to foreign aid. The amendment has nothing to do with the bill. We have already loaded down the bill enough with irrelevant provisions.

I do not think there is anything to the amendment of the Senator from South Dakota; but if there is, I believe it should be fought out on its own merits, and

should stand on its own feet. We should not allow the prejudice which has accumulated against foreign aid to be injected into our consideration of this proposal, which deals with the sale of wheat and corn. Most of the Senators I have heard speak who are interested in the sale of wheat and corn—and many Senators are—are interested in having it sold for part cash and part short-term credits. No long-term credits are involved.

But it seems to me that this amendment, which might be a complete obstacle to the sale of our wheat and corn, would be very unwise. So I hope the Senator from South Dakota will not press for its inclusion in this bill, for the bill is already badly overloaded with irrelevant provisions, and the bill is now large enough and complicated enough as it is. It has been emasculated to the point where we can scarcely recognize the bill for what it is intended to be, for now the bill deals with fish problems and many other matters unrelated to foreign aid. So I hope the Senator from South Dakota will admit that this amendment is not related to the foreign aid program.

Mr. MUNDT. I most definitely consider that the amendment is related to the foreign aid program.

Mr. FULBRIGHT. In what way?

Mr. MUNDT. Because it calls for a determination of whether, for the first time in 15 years of providing foreign aid, we want to proceed on the basis of providing grain and other products through public American credits to the Communist bloc countries or whether we wish to limit our aid to the countries of the free world.

Only a short time ago the Senate adopted the Cooper amendment, which states that perhaps we have given our aid too long to the free world countries.

Mr. FULBRIGHT. That amendment does not contain any such provision.

Mr. MUNDT. Yes, it does, it provides that a study shall be made, and that if it is found proper to end our foreign aid by the end of the fiscal year 1965, it is then to stop. Am I correct in my understanding of the Cooper amendment? I note that the Senator from Kentucky is nodding his head in enthusiastic affirmation, so I am sure I am correct in my understanding of his amendment.

Mr. DODD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. Mr. President, I wish to have the Senate proceed to act on my amendment.

Mr. DODD. Mr. President, let me point out to the Senator from South Dakota that I wish to speak in support of his amendment.

Mr. MUNDT. Very well; I yield to the Senator from Connecticut.

Mr. DODD. Mr. President, I realize that the Senate is very close to voting on this question.

However, preliminarily I wish to emphasize the point that earlier this year the Senate made a complete reversal of the position it previously had taken on the question of aid to Communist countries.

Last year, and for many years theretofore, strenuous efforts were made here

to block the giving of our aid to Communist countries; but each time those efforts were made, all the forces of the administration in power and of the Senate leadership were marshaled against us.

I remember fighting the battle when I was a Member of the House.

Dire predictions were made in regard to what would happen to our country, and even to our system of government, if Congress voted such a restriction.

Those arguments always prevailed, and in that struggle I found that I was never on the winning side.

Only last year, those of us who sought to stop the giving of such aid met with a crushing defeat here on the floor of the Senate.

Last year I said—and my statement is in the RECORD—that although we were defeated, that would be the last year we would be defeated, because the American people would never endure another year of giving our aid to Red nations—aid which has proved a gigantic and a complete failure.

I said that the advocacy of such aid would collapse of its own error.

This year, the familiar effort to stop such aid was made again; but the opposition vanished like an Arab in the night.

Thus far in the current debate, I have not spoken at all on this issue. I wanted other Senators to take the lead.

And I was happy that other Senators took up the fight.

The Senator from Wisconsin [Mr. PROXMIER] and many other Senators whom I could name did far better than I could have done with it.

Our amendments—so often defeated and blood bespattered—were embraced this time without opposition; and the solemn pronouncements of the past about the necessity of such aid were heard no more.

I do not want this sudden and amazing reversal of form to pass unnoticed, for it is proof that even the most sophisticated and highly placed experts can be totally wrong, and that once in a while the plain and simple folk in this land who see things only in terms of either black or white can be totally right. I thank God, Mr. President, that I am one of them.

Yes, I see fundamental things as either black or white, and I hope I do so to the end of my life.

I hope that now it will be recognized that sometimes those who proceed on that basis can be totally correct.

Tonight, the Senator from South Dakota proposes, on the eve of the final action of the Senate on this bill, that this amendment be adopted.

I shall vote for the amendment, but I am troubled when he asks, "Why do we not sell our wheat for gold?" I think that position debases us.

Mr. MUNDT. Mr. President, the Senator from Connecticut has inadvertently misquoted what I said. I have not said that we should sell our wheat for gold. I said that to sell it for gold would be bad enough, because it would put us on the side of aiding the enemy. But I also said that to sell the wheat at the expense and through use of the public

credit of the American taxpayers is indefensible.

Mr. DODD. Very well, I am sorry I misunderstood the Senator's statement.

Mr. President, it is said that we should approach these matters from the standpoint of a businessman.

Well, Mr. President, my father was a businessman, and I was raised in New England, where all are taught how to make money.

However, I did not make my share; instead, I became a Senator.

But, I am as sure as I am standing here now that this is the wrong policy for our country at this hour.

I think it debases us to argue that Russia needs wheat and we need gold.

I would rather give the wheat to them, and send it there in American bottoms, on ships flying the American flag, if the Russian people are hungry.

If they are hungry, of course, we are glad to help feed them and to give it to them for that is the habit of the generous American people.

But when we sell the wheat to them, we should let them pay a fair price for it—even perhaps a little less than others pay.

However, when we aid them in this way, let us obtain from them some concessions. Why do not we say to them, "In return for receiving our wheat, you must stop causing provocations on the Berlin Autobahn. You must stop imprisoning innocent American citizens—and you must stop committing aggression against us and our friends."

But, the policy seems to be not to request or require concessions from them, but always to provide concessions from us. I tell Senators that if we continue on in the way we have been going, catastrophe will follow.

Let us not argue that the Canadians are selling wheat, so why should we not get in on the deal, or that someone else is selling wheat, and why should we not get in on the deal. Every time we sell an ounce of grain for profit—for gold—to our enemy, we are weakening the free world.

I am glad that the amendment has been offered. I still do not believe it is as clear as I would like to see it. I do not think the people of our country really understand what we are doing. Because we were first told that it was one transaction, one deal, for cash on the barrel-head. We were told that they would pay us and that we would get rid of some surplus wheat. We would get some gold with which we could reduce our deficiency in the balance of payments. We now find that that is not the situation at all. It is not one deal. It is many deals. Sales of wheat and corn are proposed to be made to Hungary, Bulgaria, and Rumania.

The deal is not for cash on the barrel-head but a credit arrangement of 18 months or more. That is not a short-term loan in any banking practice at all. The Export-Import Bank would guarantee the loan.

So the American taxpayer is stuck through slick high finance deals.

Nothing but bad can come from the transaction. We will regret it if we pursue that policy.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. MUNDT. Mr. President, I thank the Senator for his contribution. I have waited a long time to get the floor to explain my amendment. It is only the second speech that I have made on the subject of foreign aid. I am a stubborn Dutchman, and I do not believe that I shall be stampeded into quitting by Senators shouting "Vote." I believe I can restrain myself to a few more statements if we continue to have the fine attention that we have had up to the present hour. I know and all Senators know that their constituents and the public generally will be interested in the important and significant vote which might create a whole new departure in the foreign aid and trade concept of this country. I want Senators to have all the information that I have. I consider our decision on this amendment one of the most important and far reaching to be made in the current session of this 88th Congress.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter addressed to Hon. Harold F. Linder, President of the Export-Import Bank, Washington, D.C., by Pat Holt, acting chief of staff of the Committee on Foreign Relations, and the reply by Mr. Walter C. Sauer.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

EXPORT-IMPORT BANK
OF WASHINGTON,

Washington, D.C., November 14, 1963.

Mr. PAT M. HOLT,
Acting Chief of Staff,
Senate Committee on Foreign Relations.

DEAR MR. HOLT: In Mr. Linder's absence I am replying to your letter of yesterday, in which you pose seven questions with respect to Export-Import Bank guarantee operations. The answers to the respective questions are as follows:

1. The Export-Import Bank has two different programs under which it guarantees credits extended by U.S. commercial banks for financing U.S. exports. One program covers agricultural commodity and other large-scale export transactions, such as the sale of jet aircraft. The other program involves the export of capital goods or equipment of relatively modest amounts.

In the case of agricultural commodities and jet aircraft, the Export-Import Bank guarantee the U.S. commercial bank for the full amount of loss that might be sustained by the commercial bank because of failure of the foreign buyer to pay his debt—whatever may be the cause of the buyer's failure to pay. Thus, this guarantee may be described as a "100-percent all-risk guarantee." It should be noted that, in the case of agricultural commodities, the 100-percent guarantee to the commercial bank constitutes the full value of the transaction since there is no requirement for any cash payment by the buyer or any participation by the seller. In the case of jet aircraft, however, the 100-percent guarantee to the commercial bank constitutes only about 65 percent of the value of the transaction since the buyer is required to make a 20-percent cash payment and the seller is required to take a 15-percent unguaranteed participation.

In the case of the ordinary sale of capital goods or equipment, the Export-Import Bank guarantees the U.S. commercial bank for the full amount of loss arising from so-called political risks and for part of the loss (ranging from 50 to 75 percent depending on the term of the financing) which results

from a credit failure. Thus, this guarantee may be described as a "100-percent political risk and a partial credit risk guarantee." Here again it should be noted that the guarantee to the commercial bank is only with respect to the financed portion—that is, the amount remaining after the buyer has made a cash payment of 10 percent to 20 percent and the seller has taken at least a 15-percent nonguaranteed participation.

It might be mentioned that in the case of the 100-percent all-risk guarantee the commercial bank collects interest on its funds at a rate appreciably lower than in the case of the 100-percent political risk and partial credit risk guarantee.

In the fiscal years 1962 and 1963 the Export-Import Bank issued \$267.3 million of 100-percent all-risk guarantees and \$178.7 million of 100-percent political risk and partial credit risk guarantees. Thus, for the period involved, the percentage of 100-percent guarantees was 60 percent as against 40 percent for partial guarantees.

2. Since 1948 the Export-Import Bank has issued two commercial bank guarantees for exports to Communist bloc countries. These two guarantees amounted to \$536,649 and covered the sale of capital goods to Yugoslavia. It might be mentioned, however, that during the same period the Export-Import Bank authorized \$105 million of direct credits to Yugoslavia to finance U.S. capital goods and equipment.

3. The answer to question No. 3 is embodied in our answer to question No. 1.

4. In the case of capital goods and equipment, the guarantees of the Export-Import Bank cover direct sales ranging from 1 to 5 years. Large jet aircraft carry a term of 7 years. In the case of agricultural commodities, the guarantees of the Export-Import Bank cover credit sales on terms up to 18 months.

5. In the case of the sale by U.S. exporters of corn and other grains to Hungary, the part to be played by the Export-Import Bank is as follows:

The Export-Import Bank will issue its guarantee to the U.S. commercial bank financing the transaction provided the transaction meets certain criteria. Hungary must make a cash payment of 25 percent of the value of the purchase contract prior to shipment of the grain. The balance of 75 percent (excluding the cost of freight when shipment is made on a foreign-flag vessel) is payable over a period of 18 months with one-third payable every 6 months. Interest on outstanding balances is payable semiannually at the rate of 5 percent per annum. The obligations evidencing the 18-month credit are to be the obligations of the Hungarian Foreign Trade Bank backed by the undertakings of the National Bank of Hungary and the Minister of Finance of Hungary. The issuance of the guarantee by the Export-Import Bank is further conditioned upon the seller of the grain having obtained an export license from the Department of Commerce.

When the foregoing conditions are met, the Export-Import Bank guarantees the commercial bank for the full amount of the loss that the commercial bank may sustain for failure of the Hungarian obligors to pay their debt whatever may be the cause of the failure to pay. As indicated, this loss could be as much as 75 percent of the value of the grain since this is the maximum amount the commercial bank will finance on credit.

6. The Maritime Administration, under the jurisdiction of the Department of Commerce, makes determinations on waivers for shipment on American bottoms for exports financed or guaranteed by the Export-Import Bank. To the extent there may be waivers on wheat and corn sales to the U.S.S.R. and its satellites, these are being

handled by the Maritime Administration. For your information, I am enclosing Department of Commerce Bulletin No. 883, dated as of yesterday, dealing with the matter of grain shipments to the Soviet bloc.

7. The answer to question No. 5 embraces the answer to this question; that is, if for any reason—whether political or commercial—the Hungarian obligors do not pay the obligations evidencing the debt, the Export-Import Bank is obligated under its guarantee to make good to the U.S. commercial bank which has financed the obligations. As indicated in the answer to question No. 1, this is the same undertaking that the Export-Import Bank enters into with respect to sales of agricultural commodities and jet aircraft in any country. As is further pointed out in the answer to question No. 1, if the loss results from a political risk as for instance "any political changes in the country to which the credit is extended," the Export-Import Bank covers the loss not only in the case of the proposed guarantees of grain sales to the Soviet bloc but under all of its guarantee activities.

Sincerely yours,

WALTER C. SAUER.

NOVEMBER 13, 1963.

HON. HAROLD F. LINDER,
President, Export-Import Bank of Washington, Washington, D.C.

DEAR MR. LINDER: A member of the Committee on Foreign Relations has requested that I transmit the following questions to you. He asks that the answers be furnished in writing by noon, Thursday, November 14.

1. Are all Export-Import Bank guarantees covering sales to free world countries made for 100 percent of the full amount of the transaction? If not, what percentage are for 100 percent; what percentage are for 75 percent; what percentage for some other percentage of coverage?

2. Please provide a list of all guarantees covering sale to Communist bloc countries which have been made by Export-Import Bank since 1948.

3. Are all guarantees covering sales to free world countries total guarantees against any contingency or circumstance or are some of them limited to specified risks or types of risks? If so, what percentage of each?

4. Are all Export-Import Bank guarantees covering sales to free world countries made to cover 18-month period? If not, what percentage are for 18 months? What percentage for a longer coverage? What percentage for a shorter coverage? Please indicate how much longer or how much shorter are the periods of coverage which differ from the 18-month guarantee.

5. Please provide the full terms of the agreement on the purchase of corn by Hungary—especially the part played by the Export-Import Bank in this purchase agreement.

6. What is the law on waiver on shipments in American bottoms in event the guarantee by Export-Import Bank is made? If waiver was made on our recent wheat and corn sales to Russia and Hungary, who granted the waiver and what percent was waived from being carried in American bottoms? Who requested the waiver?

7. Does this guarantee also cover losses from any political changes in the country to which credit is extended? If so, is this a normal guarantee?

Sincerely yours,

PAT M. HOLT,
Acting Chief of Staff.

Mr. MUNDT. The answer to the letter was received by Mr. Holt at noon today. I should like to read a portion of the letter because it correctly authenticates what the chairman of the Foreign

Relations Committee has said about the nature of the transaction. Question No. 5 and the answer by Mr. Linder, are as follows:

5. In the case of the sale by U.S. exporters of corn and other grains to Hungary, the part to be played by the Export-Import Bank is as follows: The Export-Import Bank will issue its guarantee to the U.S. commercial bank financing the transaction provided the transaction meets certain criteria. Hungary must make a cash payment of 25 percent of the value of the purchase contract prior to shipment of the grain. The balance of 75 percent (excluding the cost of freight when shipment is made on a foreign-flag vessel) is payable over a period of 18 months with one-third payable every 6 months. Interest on outstanding balances is payable semiannually at the rate of 5 percent per annum. The obligations evidencing the 18-month credit are to be the obligations of the Hungarian Foreign Trade Bank—

A Communist government institution—

backed by the undertakings of the National Bank of Hungary—

A Communist banking institution—
and the Minister of Finance of Hungary—

One of the functionaries of the Communist dictatorship in charge of Hungary.

Continuing to read from the letter:

The issuance of the guarantee by the Export-Import Bank is further conditioned upon the seller of the grain having obtained an export license from the Department of Commerce.

I ask Senators to listen to the next paragraph, because it is the one that Senators will talk about back home, and Senators should wish to consult with their consciences before they really decide to vote to endorse that kind of a new departure:

When the foregoing conditions are met, the Export-Import Bank guarantees the commercial bank for the full amount of the loss that the commercial bank may sustain for failure of the Hungarian obligors to pay their debt whatever may be the cause of the failure to pay.

As indicated, the loan could be as much as 75 percent of the value of the grain, since that is the maximum amount the commercial bank would finance on credit. And remember this could involve 75 percent of the entire proposed \$250 million grain sales program to the Communist bloc.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I should like to point out one other statement, and then I shall yield.

Senators may wonder what kind of credit we are being asked to endorse. What we are asked to do is to put the name of every constituent—every American taxpayer—on the promissory note guaranteeing as an endorser that Red Russia will pay the note. Each taxpayer becomes an endorser of the note and becomes liable. Our constituents would become guarantors of the payment.

Before taking that action, we ought to look at the credit risk. Let us look at the credit repayment record of Hungary and Russia. Hungary has been in

the business of obtaining loans from us for a long time. She started back on October 3, 1944. We had advanced a total of \$15,917,000 of credits to Hungary prior to this new corn and wheat sales venture. The earlier credits were for the sale of oversea surpluses, but it is the same kind of trade she is now engaged in in relation to surplus wheat. The unpaid balance is over \$9 million as of now. We are not now asking them to pay the \$9 million back before guaranteeing these new credits. We say, "We will give you more credit and back it up with American taxpayers' money in the Export-Import Bank, and hope that you are a better creditor now than you have been in the past."

We let them have the earlier money at 2½ percent interest, which is a smaller rate of interest than it costs the American taxpayer to carry the loan.

I also have the bad debt figures for Czechoslovakia and Yugoslavia. But tonight I should like to mention Russia. We have been loaning Russia money in one way or another since March 11, 1941. The total amount advanced, not including war loans, is \$222,494,574, of which \$205,709,633 remains unpaid. The rate of interest on those unpaid loans is only 2½ percent. We are charging Russia today a preferential interest rate cheaper than that charged our American war veterans.

Mr. President, I believe it was a good thing that we adopted the Cooper amendment. We should analyze where we stand in the aid program. We are getting kind of mixed up.

We have gone so far in relation to the free countries that we are now proposing to pick up the tab for the Communist countries.

We are seeking to aid our enemies. These unpaid loans are in addition to the \$11 billion of lend-lease that we gave to Red Russia. But, to be honest and fair, we were fighting a war jointly together at the time. We decided that we ought to get back only about \$1 billion of the \$11 billion. They would not pay it. We negotiated the debt down to \$800 million. They have not paid that amount, and they will not pay for the wheat and corn. American taxpayers will pay it if the Senate rejects my amendment, because the taxpayers will have become endorsers with Nikita Khrushchev on his promissory note.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield to the Senator from Minnesota.

Mr. HUMPHREY. The Senator from South Dakota has said that we have introduced a new concept into aid. I only desire to say that what we are talking about is trade. It is not aid.

I should like the Senator from South Dakota to recognize—and I know that he does—that the Canadians have export insurance. They have had it for years. The Germans initiated export insurance long before we did. The Export-Import Bank has only recently engaged in export insurance at the insistence of Members of this body—and rightly so—both on what we call short-term loans and medium-term loans—anywhere from 18

months up to 5 years—for export purposes. It is an insurance program, as American as the Fourth of July and apple pie—insurance.

Today an article published in the New York Times tells us that the German Government has sent trade missions into all the eastern bloc countries, and yesterday signed up substantial trade agreements with Poland and with Rumania. They have had trade missions in Czechoslovakia and Bulgaria. They have done hundreds of millions of dollars of direct business with the Soviet Union, and many of the times they have been selling American grain. They have insured it. It is insured. There is not a single export of any degree that goes from Germany to any part of the world that is not insured. That has been the secret of the German export policy. I know that the Senator from South Dakota points to the record of unpaid debts.

I challenge the Senator from South Dakota to demonstrate to me, or to this body, that Hungary, for example—a government the Senator quoted as of 1944, which did not happen to be a Communist country at that time—has defaulted on a commercial transaction. I say—and I am prepared to back it up—that the Hungarians have as much of an international credit rating on a commercial transaction as any other country in the world. One of the reasons for that is that they need the goods.

Furthermore, the Chinese Communists have not defaulted upon the Canadians. The last Polish purchase in Canada was financed out of New York banks. The depositors in the New York banks are American taxpayers; and if the New York banks go broke the Government of the United States has them insured. There is insurance. There is insurance under the Federal Deposit Insurance Corporation and under a host of other policies.

Mr. MUNDT. To set the record straight, that is paid for out of a fund created by insurance premiums paid for by the banks.

Mr. HUMPHREY. The Export-Import Bank insurance is paid for by the people who do the exporting. This is no gift.

Mr. MUNDT. It is paid by American taxpayers.

Mr. HUMPHREY. Not at all, let me say to the Senator from South Dakota.

Mr. MUNDT. They have to make this up because Congress appropriates the money to go in the Bank. We are talking about the insurance. We must appropriate the money to cover the Bank's deficits.

Mr. HUMPHREY. The Export-Import Bank insurance is paid for like an insurance premium to the Prudential Life Insurance Co. or the Metropolitan Life Insurance Co. They will make money out of it. They are not losing money. The Export-Import Bank has a record of making money for the Treasury on direct loans. The Senator from South Dakota cannot produce evidence of losses on the aggregate total for the Export-Import Bank.

Mr. MUNDT. The record of repayment is good because the Export-Import Bank has not loaned money to Communist countries.

Mr. HUMPHREY. They have loaned to some poor credit risks.

Mr. MUNDT. I wish that Hungary would pay back the \$900 million which is in default at the present time.

Mr. HUMPHREY. The only thing I wish to say in reply is, it is easy to say, "If you sell this to Russia, it looks as though we are giving aid to Russia," but the simple truth is that we are going to sell the wheat to somebody, somewhere. We are either going to sell or trade with Russia and permit it to be a direct sale, over which we will have some control; or sell to France, or to Italy, or to Germany—which we have been doing—and they are going to sell to Russia. Their insurance companies will insure sales. Every Senator knows that. Let us stop kidding ourselves.

Every Senator knows that within the past few months a number of sales have been made directly by Canada and Australia to the Soviet Union, both of whom are our allies. We also know that the Germans sold 450,000 tons of flour last month to the Soviet Union. We know it was an insured program, exactly as this would be.

Sometimes I wonder if we do not wish merely to give aid. I suggest that one of the reasons we have a foreign aid program as big as this one is that Congress is so involved in emotionalism that it cannot get down to do business.

One of the answers to the aid program is to trade, to sell, to make some money for a change, to do business. If we sell Russia some wheat, they may not have as much to spend for atom bombs.

An old farmer up in South Dakota, I believe, said:

I am willing to sell Russia anything it cannot shoot back.

That makes good sense. He did not get his mind cluttered up with the CONGRESSIONAL RECORD. He had some sense about what he was doing. He thought it was much better to sell than to give it away. He thought it was better to sell through American hands than to sell through a middleman. I believe the old farmer has more sense than the Senate.

Mr. MUNDT. The Senator from Minnesota has made his eloquent argument to sell grain and get moving, to sell even to Red countries, to Communist countries, wheat and grain. That is not the point at issue. The question is whether we will underwrite the credit of the country which buys it, even if it is a Communist country. That is what is involved. Many fine merchants in this country have gone broke trying to sell too much to too many whose credit is no good.

I submit what is in the record—the whole history of America indicates that a Communist promise on a promissory note or anything else is not worth the ink with which it is written.

There is much difference between having an insurance policy paid for by premiums, by people engaged for profit in the export business, and a program that

causes the taxpayers at home involuntarily to shoulder the risk of bad faith and the bad debts of Communist countries.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. HOLLAND. Mr. President, I am deeply disturbed by this discussion. I have had many letters from many constituents in my State protesting against the sale of wheat to Communist countries. I have obtained statements from those in authority dealing with this matter, and I have tried to send back the official reasons to my people—that getting rid of the surplus and of the storage problem created by that surplus would better our balance-of-payments problem; that the transaction shows to the world our tremendous productive capacity and raises our prestige.

Those answers have been given to me, and there is some weight to them; in addition that we are selling wheat to Germany, and Germany is turning it into flour, as suggested by the Senator from Minnesota. And that same wheat, in the shape of flour, as processed, with added value attached, has gone on to Russia and other Communist places. I am frank to say that I have not known that we were underwriting, in public credit, three-quarters of the sale price of this wheat.

Mr. MUNDT. I believe there was no reason for the Senator to know that, because it was not announced until November 5, and most of the correspondence of the Senator, I am sure, preceded that date.

Mr. HOLLAND. I am frank to say that that new fact creates a very disturbing situation.

We have said "Let us not trade with Communist governments. Let us cut off the purchase of tobacco from Cuba. Let us thereby destroy certain businesses in Tampa. Let us put out of employment several hundred workers. And, at the same time, let us not ship to them the things which they need. Let us go further and insist that our allies not ship to Cuba the things which they need. Let us go further and say that if our allies do that, we will not let the ships that have gone into Cuban ports with this material come into our ports."

How in heaven's name can we justify this thing we are doing now as against our fixed policy down there? I have been seeking to defend it, and seeking to pass on explanations which sounded to me as if they had some weight to them; but when it comes out here that instead of getting payment in gold we are instead publicly financing a credit on the whole proposal by three-quarters, I believe that projects a decidedly weaker picture. I am glad the Senator from South Dakota has brought this up.

Mr. MUNDT. I thank the Senator for his persuasive and pertinent support. Mr. President, I yield the floor.

Mr. CLARK. Mr. President, I apologize to the Senate for withholding the vote on this matter for a minute or two. I rise in the hope that we can make our decision without any undue emotion.

It so happens that I am the chairman of the International Finance Subcommittee of the Banking and Currency Committee. This subcommittee has jurisdiction over the Export-Import Bank. We held rather extensive hearings earlier this year with respect to the powers and the duties of that splendid institution. Its chairman is Mr. Linder, a patriotic American, who is as much interested in the security and safety of our country as any Senator in the Chamber at this moment. I believe it is about time, Mr. President, that we stopped acting as 100 separate Secretaries of State in the Senate. If there is need to curtail the obligations, the privileges, and the rights of the Export-Import Bank, let the Senator from South Dakota introduce a bill and have it referred to the Committee on Banking and Currency. I will guarantee it an early hearing. Let us not—in what I might say is perhaps the last gasp of Joe McCarthyism—pass this amendment tonight, without consideration, without hearings, without any understanding of the international implications of what we are about to do. I hope this amendment will be overwhelmingly defeated.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. DODD. Mr. President, I know Senators are shouting "Vote!" This is a critical issue.

I do not wish to delay my colleagues.

I should like to go home, too. But I do not think there is any more critical issue confronting the Senate.

If my mail is any indication, the people expect us to carefully consider this issue, and they do not expect us to shout "Vote, vote," at 9:30, after a serious amendment has been offered by the Senator from South Dakota.

What is wrong is the principle involved. Some day Senators will say this is so, whether I am here or not.

We are talking about our implacable enemies, devoted to our destruction.

We are talking about whether or not to give them help.

I say we should not do it unless we can get something significant in return. All the talk about whether the Germans do it or the Canadians do it does not make it right.

If we are right about this issue, if we are the citadel of freedom, if we are asking our people to pour out their substance to defeat this threat, on what ground can it be argued that we should give them aid in the guise of trade.

I add one addendum to that thought: If we could get something for the free world, I would be in favor of it.

If we could get some concession, some lessening of the tension in Berlin, some cessation of the provocations and hostilities toward our men on the autobahn, some way of stopping seizures of our citizens such as Professor Barghoorn from Connecticut, if we could get something in Cuba—if we could get some concession, somewhere, that would be one thing.

But we continue to tumble head over heels every day to give to them and get nothing in return.

Mr. President, it is wrong.

It is not a question of gold, dollars, or trade. It is a question of whether or not it is wrong. Our critics can laugh, but I am sure we are right.

It is time we talked about it. We are accused of talking in emotional terms.

I speak in terms of what is right or wrong, what is black or white.

It interests me, it intrigues me, it comforts me to know that I know of no labor organization that has advocated this bill.

The little people of this country and of the world know better.

I know of no small-scale farmers—and I live among them—who have advocated it.

The Connecticut Farm Bureau is against it.

Who is for the bill?

I ask this in all charity.

The chamber of commerce, the bankers who had their meeting in this city, are for it. Now I know many good bankers.

I do not want to put a blanket indictment on them.

But I think it is interesting that the bankers and the chamber of commerce are the only groups of national significance that are for the bill.

They want to make money.

When Lenin said that when we get ready to hang the capitalists, they will sell to us the rope with which to do it, he was more prophetic than he thought he was.

And the chamber of commerce and the bankers association lend credence to his declaration.

I am not interested in all the arguments about interest rates and guarantees.

The question is the cause of freedom against that of tyranny and slavery; and we are giving comfort to our enemies, at a time when we are spending billions of dollars to resist them.

Historians will say, "What fools—they sowed the seeds of their own destruction."

I urge my colleagues to vote for the amendment.

Mr. YOUNG of North Dakota. Mr. President, our trade with Russia is not the question at issue. In the last 11 years we bought \$92 million more than we sold to them. Germany alone has had trade with the bloc countries amounting to \$700 million in the last year. The question of whether we should trade with them is not involved; we have been.

This amendment singles out grain. That is the extent to which it would prohibit guarantees against credit. Why single out grain? Why not single out industrial machinery? Why not refuse to extend credit for that purpose? Why leave in the restriction against grain only? I cannot understand why grain is the only one commodity to be discriminated against.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. YOUNG of North Dakota. I yield.

Mr. MUNDT. I should like to answer that question. I think it is a legitimate question. The reason we singled out

wheat and grain is that those are the only products on which the Export-Import Bank has agreed to extend credit.

Mr. YOUNG of North Dakota. Tomorrow it may extend credit for the purchase of fertilizer or machinery.

Mr. MUNDT. If so I will resist it. As of this time, grain is the only product involved.

Mr. CARLSON. Mr. President, will the Senator from North Dakota yield to me?

Mr. YOUNG of North Dakota. I yield to the Senator from Kansas.

Mr. CARLSON. I agree with the Senator from North Dakota. This amendment applies only to grain. Why not cotton? Why not tobacco? Why not jet airplanes? Let us make it across the board, and I shall support it. I do not see why we should pick out grain alone.

Mr. AIKEN. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Vermont.

Mr. AIKEN. I would like to repeat what I said before. The President said if this deal works out he intends to extend the same principle to other products. This amendment does not apply to fruits and vegetables produced in Florida. It does not apply to machinery produced in Connecticut. It does not apply to minerals produced in the Rocky Mountain States. It does not apply to a darn thing except grains and its products.

If the Senator from South Dakota will include any other material, mineral, or commodity, and provide that it includes all exports to Communist states, I shall be glad to support the amendment; but I will not support any amendment which is aimed directly at the Midwest grain producers, flour millers, and no one else.

Mr. SALTONSTALL. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I say to the Senator from South Dakota, the Senator from Florida, the Senator from Minnesota, and the Senator from North Dakota, we are going to consider on Monday next, in the Appropriations Committee, the Export-Import Bank appropriation. The matter that the Senator from South Dakota has brought up is a proper matter for consideration during the hearing on the Export-Import Bank appropriation. We can provide limitations as to what the Bank can or cannot do with the money. I think the matter should be discussed fully when we consider the Export-Import Bank appropriation, but not at this time.

Mr. MANSFIELD. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Montana.

Mr. MANSFIELD. We are getting down to practicalities, and not emotions. Wheat is singled out. There is no question that this proposal is aimed at the wheat deal now being negotiated between this country and the Soviet Union.

I have heard statements by many people that they want us to stop subsidies paid to the farmers, but they have not said anything about subsidies paid to magazine and newspaper publishers, or steamships, or airlines, or railroads. I have heard no complaint about a tariff, which was the first subsidy introduced in this country to help the businessman. But the farmer is always made the goat.

Senators talk about the surpluses we have on the ground and in storage and how much it costs to maintain that storage. They talk about the prices maintained by subsidies to the wheat growers, \$2 a bushel this year, with the prospect next year of \$1.15 to \$1.25 a bushel.

In this amendment the farmer is singled out again. Someone should speak for the farmer. Like the Senator from North Dakota, the Senator from Kansas, and other Senators, I come from a wheat State. I know what the farmers are up against. This is one way to reduce, not on an aid basis, but on a trade basis, the surpluses in wheat. This is one way to be paid, in gold, and in dollars, on a wheat transaction amounting to something on the order of \$250 million for something on the order of 4 million metric tons of wheat.

People talk about our European allies. West Germany has been mentioned. West Germany, which finds fault with us because we are considering an agreement of this kind, has had a trade with the Soviet Union and Eastern European countries and with Communist China in the neighborhood of \$4 billion last year. This country has had no trade with China; but with the Eastern-bloc countries and with the Soviet Union our total trade amounted, if I recall correctly, to less than \$500 million.

If the wheat is not sold by us directly, it will be bought by the Germans, as they have bought it before, and also by the French, the Italians, and other countries. There it will be milled into flour, and the flour will find its way into the satellites and the Soviet Union, as has been the case in the past, and will continue to be. What are we to do? We can either enter into an honest trade agreement or be hypocrites and work through middlemen. The answer is up to us.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. YOUNG of North Dakota. I yield.

Mr. JAVITS. I wish to join the Senator from North Dakota in voting against the amendment, even though we in New York raise no wheat to speak of, but for the reason which has been mentioned by the majority leader.

A great nation neither bluffs nor vacillates in the wind like a weather vane. By national consensus we have agreed to make the wheat deal. The terms for it have been discussed on normal commercial terms. The Export-Import Bank would act as any other bank would act, as a lender, and would not extend credit unless it thought it was a good loan.

Mr. President, we will make ourselves ridiculous if by this backhanded, backdoor way we kill the deal. It would be

much better to face the situation frontally and ask the President of the United States, as a national decision, not to go into it. However, to kill it in this fashion would be demeaning to the United States.

We will not pull down communism by selling them or not selling them this wheat, or pull down communism by commercial trade or lack of commercial trade. Many more monumental things must be done for that. We would confuse our Western Allies by following a policy that others have not pursued, and we would deprive our people of some markets with them. In the interest of our national dignity and standing as a great state, let us deal with this problem frontally, not in this backhanded way.

Mr. BURDICK. Mr. President, I agree with what my colleague from North Dakota has said, and I desire to associate myself with his remarks.

Mr. YOUNG of North Dakota. I think there is considerable merit to the argument of the Senator from South Dakota, but I do not believe it should be brought up in connection with the pending bill. I do not believe grain should be singled out. The bill before us has been "loused up" enough during the past month. I intend to vote against it in its present form. I think we have done enough harm to it already.

Mr. MUNDT. Mr. President, first of all, I believe we are arguing about a non-existent issue. The Export-Import Bank just never has proposed extending credit to the Communist bloc for any other previous purpose than the present grain sales. However, if it will make my colleagues in the Senate happier to have all products included, instead of only wheat and grain, I would have no objection to doing so. I certainly am desirous of closing the credit door to Communists for all purposes insofar as American public credit is concerned.

I point out that I included grain because that is the only type of transaction for which the Export-Import Bank has ever agreed to provide credit to the Russians or to Hungary's Communist dictatorship in the lifetime of the Bank. The Bank has steadfastly refused to do so in the past. It has very commendably refused to do it. It was never contemplated in the wheat deal that such a transaction should be had. I am trying to get the wheat deal back to where it was or where our people thought it was, namely, a sale for gold, a sale for cash. We can still hear the ringing words that were spoken from high places that we will make this wheat deal to improve our balance of payments—to help our dwindling American supply of gold. We do not improve our balance of payments by having the taxpayers of this country underwrite the credits that the Communists are seeking to purchase the supplies they need in order to continue to threaten our peace and the people of the free world.

I ask unanimous consent, if it will help—

Mr. FULBRIGHT. I object.

Mr. CLARK. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. AIKEN. What would the Senator include? Would he include all manufactured products, semimanufactured products, raw materials, and all other materials?

Mr. MUNDT. Mr. President, I move to amend my amendment, if that is the wish of the Senate, so that in line 9 the words "grain or" and the word "thereof" be stricken, so that the amendment will read as follows:

Sec. 404. Neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national.

Mr. AIKEN. Does the Senator include manufactured and semimanufactured products and raw materials?

Mr. MUNDT. It includes all products.

Mr. AIKEN. Will the Senator include all of them? I do not believe that "product" covers all.

Mr. MUNDT. It nearly does when it says "products"; that covers everything.

Mr. AIKEN. Would the Senator include tobacco and cotton?

Mr. MUNDT. Everything is included. I do not insist on a yeas-and-nays vote on the modifying amendment. There can be a voice vote on the amendment as it stands now.

Mr. MANSFIELD. Mr. President, I regret doing this, but I believe we must face the situation. I intend to move to table the pending amendment. I take full responsibility for it.

I feel that when the President of the United States tells the American people that under his decision to enter into a grain agreement with the Soviet Union, it is to be on a credit basis, along ordinary business lines, and that payment will be in gold or in dollars, the President of the United States would not attempt to fool any of our citizens.

I point out again that this is a serious proposal so far as we are concerned, because we are dealing with surpluses. Many Senators who do not come from farm States find a great deal of fault with surpluses. We are dealing with the balance of payments, which this deal will alleviate in part.

I would hope, in view of the fact that this situation has now been thoroughly aired, that the Senate, in its wisdom—and, of course, it is the Senate's decision—would agree to table the amendment now pending, because I believe there is nothing further to add to the debate which has been held thus far.

Therefore, I first address a parliamentary inquiry to the Chair. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. MUNDT], to his own amendment.

Mr. MANSFIELD. I move to table the amendment as originally offered by the Senator from South Dakota. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. A motion addressed to the original amendment would also run against the amendment to the amendment which has been offered, would it not?

The PRESIDING OFFICER. The tabling motion will apply to the other amendment also.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. There was objection to the amendment to the amendment.

The PRESIDING OFFICER. There was objection to the unanimous-consent request.

Mr. HUMPHREY. Is not unanimous consent required because the yeas and nays have been ordered?

The PRESIDING OFFICER. Yes.

Mr. HOLLAND. The fact is that the distinguished Senator from South Dakota has offered an amendment to his amendment.

The PRESIDING OFFICER. The Senator from Florida is correct.

Mr. HOLLAND. After unanimous consent was refused for amending the amendment voluntarily.

Mr. HUMPHREY. Does it require unanimous consent for the Senator from South Dakota to amend his amendment after the yeas and nays have been ordered on the original amendment?

The PRESIDING OFFICER. By majority vote the Senator may amend his amendment.

Mr. HUMPHREY. After the yeas and nays have been ordered on the original amendment?

The PRESIDING OFFICER. After the yeas and nays have been ordered, it can be amended by motion.

Mr. CLARK. Only by majority vote.

Mr. MUNDT. Perhaps I can clarify the situation and help the Senate—

The PRESIDING OFFICER. Debate is not in order.

Mr. MANSFIELD. I ask unanimous consent that the Senator may have that right.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MUNDT. As I said, I am not particularly concerned about offering the modifying amendment. I had not anticipated that the majority leader intended to make a motion to table.

Mr. MANSFIELD. Nor did I.

Mr. MUNDT. I am sure he would have advised me, but he acted more or less without premeditation and without thinking about it in advance. But I do not want to get into a hassle about the proposed amendment, because it is true that I have a right to move to amend my

own amendment. But it is also true that the majority leader has a right to move to table my amendment to my amendment at the same time. There is nothing to be accomplished by that. There is no need to have my amendment discussed and debated. It is not related to a question of actuality or to any situation now confronting the country, because the Export-Import Bank has not proposed to make loans for any other type of activity. It is only this one transaction of grain sales that is involved. Consequently, so that we may proceed and understand each other clearly, I withdraw my motion to amend my amendment. Then my original amendment itself will be before the Senate.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. Is the original Mundt amendment now before the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. On the basis of my motion, the original Mundt amendment, as amended, would have been before the Senate anyway, would it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, I move to table the Mundt amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Louisiana [Mr. LONG], and the Senator from Washington [Mr. MAGNUSON], would each vote "yea."

I further announce that, if present and voting, the Senator from Washington [Mr. JACKSON], would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from South Dakota [Mr. MCGOVERN]. If present and voting, the Senator from Mississippi would vote "nay," and the Senator from South Dakota would vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS]

and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Kentucky [Mr. MORTON], would each vote "nay."

The result was announced—yeas 40, nays 46, as follows:

[No. 237 Leg.]

YEAS—40

Aiken	Hart	Moss
Bartlett	Hayden	Muskie
Bible	Hill	Nelson
Boggs	Humphrey	Pastore
Brewster	Inouye	Pell
Burdick	Javits	Randolph
Byrd, W. Va.	Johnston	Saltonstall
Cannon	Kennedy	Sparkman
Carlson	Mansfield	Williams, N.J.
Church	McCarthy	Yarborough
Clark	McGee	Young, N.Dak.
Eastland	McNamara	Young, Ohio
Fulbright	Metcalf	
Gore	Monroney	

NAYS—46

Allott	Gruening	Pearson
Bayh	Hartke	Proity
Beall	Hickenlooper	Proxmire
Bennett	Holland	Ribicoff
Byrd, Va.	Jordan, N.C.	Robertson
Case	Jordan, Idaho	Russell
Cooper	Keating	Scott
Cotton	Kuchel	Simpson
Dirksen	Lausche	Smith
Dodd	Long, Mo.	Symington
Dominick	McClellan	Talmadge
Douglas	McIntyre	Thurmond
Edmondson	Mechem	Tower
Ervin	Miller	Williams, Del.
Fong	Morse	
Goldwater	Mundt	

NOT VOTING—14

Anderson	Jackson	Neuberger
Curtis	Long, La.	Smathers
Ellender	Magnuson	Stennis
Engle	McGovern	Walters
Hruska	Morton	

So the motion to table was rejected.

Mr. DIRKSEN. Mr. President, I move that the vote by which the motion to lay the amendment on the table was rejected be reconsidered.

Mr. MUNDT. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table the motion to reconsider was agreed to.

Mr. MUNDT. Mr. President, in order that the Senate may now work its will on the question of whether it wishes to have this amendment include all products—because three Senators indicated that they would not vote for my amendment if it included only grain, but that they would vote for it if it included all products; and certainly the only reason why all products were not included in the amendment originally was that the Export-Import Bank has not heretofore extended credit to permit the sale and shipment of any other product to these Communist countries—I now restate my amendment as follows: In line 8, after the words "purchase of", strike out the words "grain or" and in the same line, after the word "product", strike out the word "thereof". As thus amended, my amendment to the committee amendment then would read, beginning at the end of line 7: "in connection with the purchase of any product by such country, agency, or national."

Mr. AIKEN. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. AIKEN. Mr. President, this amendment as now proposed to be amended will then be fair to all products. Certainly we do not want the amendment to be known only as an anti-grain amendment. Therefore, I ask the Senator from South Dakota if it is correct to state that as he now proposes to amend his amendment, it would apply to all manufactured and semimanufactured items, all raw materials, and all farm commodities and their products.

Mr. MUNDT. It will, if the Export-Import Bank or any other Government agency proposes to extend or guarantee credit to the Communists in that connection.

Mr. AIKEN. I ask this question for the reason that the President has said he wishes to have all commodities shipped.

Mr. MUNDT. Yes; and I point out that my purpose in offering this amendment to my amendment is to enable the Senate to decide by its solemn vote whether it wishes to open up the program—for the first time—so that under the program, aid will be given by the United States to Communist countries so they can engage in foreign trade with our American credit underwriting their obligations and guaranteeing that they will pay their debts.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. Mr. President, I disagree most strongly with the statement of the Senator from South Dakota that this will open up a program of aid to Communist countries. I would say that, instead, this is opening up a channel of trade, which up to this time has been taken over—to a large extent with American goods manufactured in the United States—by our Western European allies. I have already told the Senate that Germany alone in trade with Eastern Europe, with the Soviet Union, and with the so-called People's Republic of China, last year had trade which exceeded \$5 billion, while the trade of the United States with the eastern satellite states and the Soviet Union amounted to approximately \$300 million.

If this amendment to the amendment of the Senator from South Dakota is adopted, we can anticipate an extension of what has been going on for years, by means of which American manufacturers and producers of agricultural commodities have sold their products to our friends and our allies in Western Europe, who make very little in the way of contributions to the aid program; and these products will in many instances proceed from this country, by means of a middleman process and at a profit, and will find their way into the satellite states, into the Soviet Union, and into Communist China.

So Senators had better face the facts of the situation and realize what they will be doing if they vote in favor of this amendment to the Mundt amendment. This amendment to the Mundt amend-

ment does not deal with aid; it deals with trade.

Mr. HOLLAND. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I yield.

Mr. HOLLAND. Neither do I agree categorically with the statement of the Senator from South Dakota as to what the amendment would mean. I think his amendment runs to the question of whether public credit shall be used to support this private trade. This has been announced as the approval of private trade and the issuance of the proper or required export licenses.

I have already stated for the RECORD that I have gone to considerable effort to try to explain this matter in a way that would be acceptable to my own people back home. But instead of providing for purely private trade, I point out that this is something by which we would engage in trade and would make available to it Federal Government credit which belongs to all the people of the United States. That is the problem that bothers me, and that is why I believe the Senator's amendment is meritorious.

Mr. MUNDT. Mr. President, I wonder whether we may have the yeas and nays ordered on the question of agreeing to this amendment to my amendment.

Mr. HUMPHREY. Mr. President, let me ask whether the Senator from South Dakota intends to yield the floor. I ask this question because we intend to discuss this amendment, and it is obvious that the vote on this amendment will not come at a very early hour.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota to his amendment to the committee amendment, as amended.

Mr. MILLER. Mr. President, I wish to have the pending amendment to this amendment stated.

Mr. SYMINGTON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. SYMINGTON. I am not too happy with this amendment to the Mundt amendment; but make this brief observation: The matter of this proposed sale of wheat was presented to us as being a sale of excess wheat for gold. But now that has been changed. The proposed arrangement calls for a 25-percent gold downpayment, and then the rest on credit. But not private credit; instead, it would be public credit, Government guarantee.

I respectfully take issue with the leadership when it says this would be a normal business transaction, typical of the way business transactions are normally carried out.

Regardless of what the Germans or any other country does, that has nothing to do with whether or not this is the deal we were told it would be. Not one American industrialist or banker but what would prefer to have a Government guarantee of any deal, at any time. But a Government guarantee is not part of an ordinary private business transaction. Instead, it is an extraordinary arrange-

ment; and in any case it is different from what we were told the deal would be.

Mr. MUNDT. Mr. President, I could not agree more completely with the Senator from Missouri. All of us should keep in mind, and the country should keep in mind, the point, that by adding this amendment to my amendment, we shall not be changing one iota the situation realistically confronting the United States and its taxpayers. We shall merely be setting up a barrier against some future contingency whereby the Export-Import Bank might decide, in violation of its 15-year-old precedent, to extend Government credit to Communist countries for the purchase of our supplies or perhaps even the supplies of others. Both in our program of foreign aid and foreign trade I submit we should not force American taxpayers to finance the capacity of the Communists to threaten our own destruction.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MUNDT. Have the yeas and nays been ordered on the amendment to the amendment?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. AIKEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Several Senators addressed the Chair. The PRESIDING OFFICER. The Chair recognizes the Senator from Vermont.

Mr. AIKEN. Mr. President, I did not discuss the merits or demerits of the amendment proposed by the Senator from South Dakota. I do not believe we are here to legislate for industrialists, farmers, or any particular group.

All I am insisting upon is that all the economic groups of this country be treated alike. For that reason I asked for the yeas and nays. I understand they have now been ordered on the amendment which would include in the amendment of the Senator from South Dakota all manufactured items, semi-manufactured items, raw materials, and all agricultural commodities and their products.

Mr. HUMPHREY. Mr. President, I know that Senators would like to vote. For many days I have wanted to vote. But, without a doubt, the proposed amendment is the most important amendment that has been offered to the bill. I am rather surprised that Senators who are members of the Committee on Banking and Currency, which committee has jurisdiction over the operations of the Export-Import Bank, are willing to have major policy questions decided on the floor of the Senate at 10 minutes after 10 p.m., after 3½ weeks of exhausting debate, discussion, and time-consuming activities in this body. I shall not let the Senate, if I can help it, vote on the issue immediately, because it seems to me that if we needed time to discuss some minor amendments to the aid bill, we need plenty of time to discuss the present situation. We are not talking merely about an amendment to the

aid bill; we are talking about a general policy decision relating to trade that may very well determine the future course of history.

We must live in this world. It is the only one that we have. It is a world that has many troublesome problems. Some people feel that the best way to deal with Communists is to continue to hate them, to continue to despise them, and hope that they will fade away.

Let us make it crystal clear. The Soviet Union will not collapse because it does not get wheat from the United States. I am not at all sure that the wheat deal will go through anyway.

Furthermore, all the President of the United States has done is to say that our Government is willing to issue export licenses to American commercial firms if such commercial firms could make business arrangements with so-called eastern Communist-bloc countries, including the Soviet Union, provided that those firms fulfill certain criteria and conditions. We have not had any deal with Russia, and I am a little tired of having the Record appear as though the President of the United States sat down and made a deal with Russia. The only people that have been talking to the Russians are some private American businessmen. They are capable of taking care of themselves in the negotiations with the Russians. All the President has said is that it is the policy of our Government, insofar as the executive branch is concerned, that licenses be issued to commercial firms in the United States to do business with eastern Socialist-Communist-bloc countries in the field of wheat and certain other cereals and feed grains.

Certain companies have come in. One of them has made a business transaction with Hungary. That company has been doing business in Canada through its Canadian subsidiary for years.

The Cargill Co. is not a local firm. It has worldwide connections and subsidiaries. The Cargill Co. applies in the United States for an export license to do business with Hungary because the President of the United States said that it was permissible and legal to make such application, and because the Department of Commerce, under an Executive order, is now willing to accept that application. That application is for an export license, which has been granted, that permits that particular company to seek out some business with customers.

What are we talking about now in connection with the Mundt amendment? We are talking about an insurance program on credits. Every Senator knows that every sale that is made involves credits. It is either 30 days, 60 days, 6 months, or 18 months. The Canadian deal with Communist Chinese involved credits that extended as long as 3 years. Those commitments by the Communist Chinese—Communist China aid—have been paid and are being paid.

In the recent Canadian wheat deal with the Soviet Union in which Canada sold substantial quantities of wheat to Russia, the deal was 25 percent down in cash and the balance in 18 months,

with payments of one-third each 6 months.

What did the Soviet Union do? Instead of taking advantage of the 18 months' credit, they paid 80 percent down in cash because they did not want to pay the interest charges.

I point out, first, that there is no deal with the Russians now. The only application that we have before us is the one to sell a certain amount of feed grains to Hungary.

The Soviet Union has not consummated a single contract. Whether they will or not depends upon what their needs are, what their shipping rates may be, the price, and other conditions.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. Mention has been made that the deal would be a public trade. Mention has also been made about the use of taxpayers' funds. Would any taxpayers' funds or Government funds be used in the transaction?

Mr. HUMPHREY. No.

Mr. SPARKMAN. Would not the transaction be very similar to that which a purchaser of a house using FHA insurance would pursue?

Mr. HUMPHREY. The Senator is absolutely correct.

Mr. SPARKMAN. In other words, the money would be furnished by a private concern.

Mr. HUMPHREY. The money is furnished through an insurance premium.

Mr. SPARKMAN. Insurance is collected which builds up a reserve.

Mr. HUMPHREY. The Senator is correct.

Mr. SPARKMAN. I wish the Senator from Pennsylvania [Mr. CLARK] were present in the Chamber, for he is chairman of the subcommittee that handles questions pertaining to the Export-Import Bank. Is it not true that there is an ample reserve in the hands of the Export-Import Bank to handle the guarantees which it handles all over the world?

Mr. HUMPHREY. The Senator is absolutely correct. The Export-Import Bank now has a balance of \$746,700,000 of undivided profits that have been placed in reserve and that did not come from the taxpayers.

Mr. SPARKMAN. That is principally a reserve built up by the collection of insurance for those guarantees.

I should like to ask whether it is not true that a dealer who might desire to handle the sale of grain to any country would go to his bank—it might be in Minneapolis, New York, or St. Louis—and he would apply to that bank for a loan. The bank would then go to the Export-Import Bank and apply for insurance. If that insurance were allowed, a premium would be paid in order to support the loan. Is that not the procedure which is followed?

Mr. HUMPHREY. Exactly. It is a business procedure which is not only characteristic of the Export-Import Bank Insurance program, which I shall read into the Record, because we have it here from the actual report, but it

is a business procedure that is followed in every single industrial country in the world.

Mr. SPARKMAN. From the time the Export-Import Bank started its operations to the present time its losses have been practically nil, and, so far as insurance is concerned, it has made a profit of several hundred million dollars. Is that not correct?

Mr. HUMPHREY. I am pleased that the Senator from Alabama, who is a ranking member of the Committee on Banking and Currency and is very familiar with the activities of the Export-Import Bank, has made those comments.

Mr. DODD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Connecticut.

Mr. DODD. Mr. President, I have said to the distinguished Senator from Minnesota, and I say to the majority leader, I believe this is a good debate.

I dislike to say "I", but I submitted a resolution to provide that it was the sense of the Senate that the President give us until February to discuss this question and to look into it.

Why are we here tonight, ad hoc, trying to decide?

Because the President did not give us an opportunity to do it in any other way.

I believe we should have had the opportunity, because the country is upset about this.

I am sure I am right. But I believe we should hammer this out and discuss it fully.

The Senator from Minnesota has made valuable contributions.

I believe we should work hard on this problem.

I believe it is indeed a most critical and crucial question before us.

I do not believe we should be hurried.

I wish we had more time, because I believe we can prove we are right.

If the President had given us more time we could have heard witnesses and weathered this together and I do not say this critically of the President. But I wish he had given us time to refer this to a committee—the Agriculture and Forestry Committee, or the Foreign Relations Committee, or some other committee. Then we would have a committee report, one way or another, for guidance. But we are trying to legislate, ad hoc, and we are not getting very far.

I suggest that all we can do now is to intercept a fait accompli at the 11th hour.

I hope the majority leader will put this vote over until tomorrow and give us all some time to think this problem out, to talk about it, and to make our arguments pro and con tonight.

WE ARE NOW CUTTING SOME OF THE FAT OUT OF FOREIGN AID

Mr. YARBOROUGH. Mr. President, this has been a long debate, its length and heat illustrate that more and more of us in the Senate are determined to cut the fat out of foreign aid so that it can be the effective instrument of foreign policy it was intended to be.

I am pleased that it now looks as if the final amount to be authorized will be a reduction from last year's figure; we will succeed in cutting back on foreign aid. At most some \$3.7 billion will be authorized for 1964, a substantial roll-back from the last 3 years.

We have succeeded in curbing the tendency of this program to grow and grow. But, even with this curb, the foreign aid program will be at a level, for fiscal 1964, roughly \$1 billion above the expenditures for fiscal 1956, only 8 years ago.

The foreign aid appropriations figures for the years since 1956 make an interesting pattern of growth: Fiscal 1956, \$2.7 billion; fiscal 1957, \$3.8 billion; fiscal 1958, \$2.8 billion; fiscal 1959, \$3.4 billion; fiscal 1960, \$3.3 billion; fiscal 1961, \$4.5 billion; fiscal 1962, \$3.9 billion; and fiscal 1963, \$3.9 billion.

For years the American public has been waiting for an orderly cutting down of this program, a phasing out of aid to economically prosperous countries. The people's hopes have not been realized; but now we have begun.

The Senate is taking this action from a conviction that only through forcing more prudent foreign aid spending can the waste in this program be stopped. Experience has shown that we cannot buy friends with foreign aid; we must use it more selectively to help genuine friends meet genuine needs.

In the past weeks the Senate has taken action designed to cut off aid to countries whose policies are detrimental to our policies and to world peace. We have added new restrictions in answer to specific situations where our good will has been abused. Now the Senate is writing into law firm declarations that our foreign aid is not going to continue to flow no matter what.

I do not regard these actions as any particular slap at this administration. Instead I regard it as strengthening its position in allocating foreign aid. Without restrictions, it seems our administrators can never find a good reason to deny aid to any country, when a country can point to all the other nations that are on our list. Now we shall set up standards. Let us stop aid to countries preparing for aggression against their neighbors. Let us defer aid to countries unreasonably interfering with our fishing boats on the high seas. Let us stop aid to countries which continually demonstrate their unwillingness to use it wisely, and of course let us continue to tighten up our policy of no aid to Communist-dominated countries.

As nearly as anyone can determine, there are some 107 countries around the world that are receiving our foreign aid. We should cut this list by half at least. Such a move would show more clearly that no country has any right to U.S. foreign aid; that we do it to help truly friendly countries solve critical development problems and resist communism.

Of course, foreign aid has not been a complete waste. It has undoubtedly saved many countries from the threat of communism and will continue to do so in the troubled years ahead. But when a country develops a successful economy,

as the nations of Western Europe, then the aid should stop.

Funds saved this way can be channeled into the spots where help is most urgently needed, as in Central and South America. The Senate is wisely acting to continue our commitments under the Alliance for Progress, to make sure that work continues toward having a friendly, prosperous, stable continent on our southern flank. However, let us make sure that new emphasis is put on the contributions private business can make in showing Latin America how strong economies are developed.

The Senate debate on foreign aid has been a productive one. It will result in less tax dollars being wasted overseas, and in building a more effective foreign aid program. Many of us have been working for years to cut down foreign aid in hope of forcing more prudent choices in its administration; this year we have some measure of success. Since we have that measure of success, I shall vote for this measure.

ALLIANCE FOR PROGRESS

Mr. HARTKE. Mr. President, there is a small child in our midst who has received some cruel and inhuman treatment. Just 2 years old, she has, in turn, been ignored, thrashed or abandoned by some of my colleagues.

The child of whom I speak is the Alliance for Progress and I want to take this opportunity to express briefly my support and my concern. My theme in substance is this: We should expect no more or no less from the Alliance than we should from a 2-year-old child.

The concept of lending a helping hand to developing nations of Latin America is a noble one and the birth of the Alliance at Punta del Este in 1961 brought with it an aura of good feeling and confidence in the future. Latin American nations agreed that they must help themselves to move ahead toward political independence, economic growth and social justice.

In the first 2 years we have seen disappointments and there are some justifications for discouragement. Imperfections in our system of distributing aid and reluctance on the part of some neighbors to initiate reforms have impeded the progress of the Alliance. Recent developments in Argentina and Brazil have hardly brought comfort or reassurance.

But there have been some remarkable strides forward. The child is two now and, while there is plenty of mischief, she is beginning to learn to walk and talk. Reforms are slow in coming, but they are arriving at a rapidly increased rate. Progress in health and education is quite noticeable.

Problems in taxation, landholdings and private investment are being resolved slowly but surely. Considering the diverse nature of our 19 neighbors to the south, their people, economies, languages, government, and terrain—the wide gulf which separates levels of development in each country, I am convinced that the Alliance is not retarded, as some claim, but quite precocious.

One grave error in our thinking is the belief by some that the Alliance is ours

and it is we who are to determine its course. In reality, the program belongs to all the people of this hemisphere and the contributions which are required for its success are much heavier for our neighbors than they are for us.

I am proud that we are participating, but we must remember not to expect miracles of maturity from an infant. In consideration of the legislation before us, I ask each of my colleagues to be patient, understanding, and firm.

THE ROLE OF VOLUNTARY AGENCIES IN FOREIGN AID

Mr. HUMPHREY. Mr. President, before we complete Senate action on the foreign aid bill, I wish to comment on the work of our voluntary American aid program. The American people, out of their generosity and compassion, are contributing a tremendous amount of effort and money to a vast program of voluntary foreign aid. Unfortunately, too few people understand how closely this voluntary foreign aid is geared in with our Government-sponsored programs of economic development administered by the Agency for International Development.

My attention was called recently to a pamphlet published by the Voluntary Foreign Aid Service in the Agency for International Development entitled "AID and U.S. Voluntary Agencies—A Growing Partnership." That "growing partnership" theme exemplifies what Congress had in mind in directing through our Foreign Assistance Act that the services and facilities of voluntary nonprofit organizations be used to the maximum extent practicable in furthering the purposes of the act.

Let me read to you a forward in that pamphlet from David E. Bell, the capable Administrator of the Agency for International Development:

This pamphlet tells a story in which Americans can take pride. Through these humanitarian activities the historical concern of Americans for their fellow men is demonstrated by effective action overseas. These American voluntary agencies have pioneered in foreign assistance and we are indebted to them for their initiative, for their energy, and for their devotion.

Through the Agency for International Development and its predecessors, a firm and growing partnership between these voluntary organizations and Government has been fostered. While scrupulously observing the nature and independence of these private groups, substantial Government resources have been made available to them to further their activities abroad in the fields of material aid, services to refugees, technical assistance and self-help.

This partnership has a quality that Government aid alone cannot achieve. It is a force of enduring strength and fellowship that binds together our people and the friendly peoples of other countries and furthers and strengthens the peaceful objectives of the free world.

I want to commend the Agency for International Development and, particularly, its Voluntary Foreign Aid Service, for stimulating this cooperative effort between the U.S. Government and the U.S. voluntary agencies which serve humanity overseas. Today 53 of these agencies are working with the Agency for International Development—AID—in

material aid and relief programs, self-help efforts, and refugee assistance. These agencies are maintaining around 600 American citizen representatives overseas—at their own expense, supported by public contributions—and are employing between 4,500 and 4,800 local personnel. This is a valuable voluntary contribution to our total national effort to help underprivileged people in developing countries. I just hope that the American people, whose generosity is making such effective work possible through these voluntary organizations, will realize the necessity for providing similar support in behalf of the Agency for International Development as the partner in many of these overseas programs.

Deep concern with the plight of the poor, the homeless, the oppressed, has always been in the American tradition. The typical American may be hard-headed, but is also warmhearted.

Our people are mindful of the Biblical injunction: "And now abideth faith, hope, and charity, these three; but the greatest of these is charity."

We seem to be aware that charity begins at home, but there it does not end.

To learn the full story of this voluntary foreign aid program rewards us with a feeling of intense pride in Americans.

A few days ago, I read the 1962 report of the commodities and funds sent abroad by the American people through their voluntary agencies for the relief of distressed people. We are all familiar with these organizations, such as CARE, Church World Service, Catholic Relief Services, and the American Jewish Joint Distribution Committee.

I was so impressed by what these agencies are doing that I want to share the report with you. This report shows that the U.S. voluntary agencies registered with AID, sent overseas during 1962 a total of more than \$275 million worth of commodities and funds. This is approximately 14 percent more than during 1961. The commodities shipped consisted of foods, including those made available to the agencies under Public Law 480, clothing, textiles, and all kinds of supplies—educational, vocational, and agricultural.

We find the agencies sent 45 percent more commodities and funds to Africa in 1962 than in 1961, 37 percent more to Latin America, and 7 percent more to the Far East. In only Europe and Near East-South Asia were there decreases.

President Kennedy recognized the value of the voluntary foreign aid effort when he designated the week of April 9, 1963, as Voluntary Overseas Aid Week. In the official proclamation he said:

I would like to emphasize that I do not believe our assistance programs abroad, especially those that involve the distribution of food, could possibly be effective unless we had the very wholehearted cooperation of the voluntary agencies.

This participation between the American people and the National Government and the voluntary agencies, the various religious and other charitable organizations, really represents I think, the best aspirations of our country. I think it reminds us of the old injunction about feeding those who are

hungry, visiting those who are sick and caring for those who are in prison.

As you know I have long been a staunch advocate of emphasizing the people-to-people approach to foreign aid, which is a program of channeling aid through voluntary associations to the greatest extent possible.

This ground swell of voluntary activity did not develop overnight. The service of the American people to the needy is a tradition based on belief in the dignity of man. It truly exemplifies the Judeo-Christian spirit of caring for the less fortunate, and sharing our own material blessings with them. This has been a significant part of our American heritage from the days of frontier neighbor helping neighbor erect his log cabin or barn to the great present-day record of huge sums contributed overseas annually through voluntary associations and foundations for the purpose of wiping out crippling disease, improving educational opportunities, and in other ways dedicating part of our material substance to the cause of our fellow man's well-being.

World War I and its aftermath of human suffering gave special impetus for giving aid to the distressed. Relief work, begun in 1914 following the invasion of Belgium, was continued in the Central and Eastern States of Europe after the armistice, and continued throughout the famine in Soviet Russia in 1923.

Voluntary effort was again stepped up in the early years of World War II. In the wake of the Nazi invasion of Poland, a flood of emotional appeals to aid the victims engulfed the American people. Hundreds of hastily organized war relief committees developed as country after country became involved in the conflict. In order to maintain its neutrality, it became necessary for the U.S. Government to regulate economic relations with belligerent countries. In 1939 Congress passed the Neutrality Act. As a result, all American voluntary relief agencies, with the exception of the Red Cross, which has its own congressional charter, were required to register with the Department of State if they were engaged in the collection of funds from the American people for relief in belligerent countries.

On March 13, 1941, the President appointed a committee to examine the whole problem of foreign war relief. This committee's findings led to the establishment of the President War Relief Control Board to regulate the overseas shipment of war relief supplies by voluntary agencies.

This arrangement between the Government and the voluntary agencies was continued after the war. In May 1946, the Advisory Committee on Voluntary Foreign Aid was established by direction of the President "to tie together the governmental and private programs in the field of foreign relief and to work with interested agencies and groups." The committee is attached to the Agency for International Development.

At present AID and the agencies registered with the Advisory Committee are jointly exploring ways of better coordinating their programs to achieve common objectives in the total U.S. effort.

This is in line with the congressional mandate in the Foreign Assistant Act of 1961:

The President, in furthering the purposes of this act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

These voluntary agencies are carrying on programs of material aid, services to refugees, and technical assistance and self-help projects. Material aid serves people in times of emergency—earthquake, flood, fire, typhoon, or famine, as well as during periods of dislocation caused by war and political oppression. The agencies minister to disaster victims with food, clothing, medicine, blankets, and other relief supplies, continuing their aid until the stricken are able to provide for themselves.

By registering with AID's Advisory Committee, voluntary agencies receive from the U.S. Government Public Law 480, foods plus reimbursement for overseas freight costs on these foods as well as on their own relief supplies. It costs about \$4 million of U.S. Government funds to ship overseas an estimated \$80 million worth of voluntary agency supplies. Thus, every dollar spent by the Government to transport these supplies is multiplied nearly twentyfold in terms of the value of goods delivered overseas to people who need our help.

Let us look at some specific ways in which the voluntary agencies are helping the needy overseas and thereby strengthening our foreign aid and foreign policy.

On a small island which was seriously overcrowded, the problem of assisting a great number of impoverished hungry refugees was staggering. Many of the refugees were able and eager to work but few found employment. Large numbers were helped by an imaginative, practical supplemental feeding project, made possible by an ingenious noodlemaking machine devised by voluntary agency representatives and manufactured on the island. The noodles are made from Public Law 480 flour, cornmeal, and dried milk.

Refugees in a self-help work project for relocated Koreans on the southwest coast of Korea had just staked out their hard-won land reclaimed from the Yellow Sea by means of a dike they had built, when a typhoon struck.

The typhoon breached the dike, threatening to destroy it and to flood the precious land intended for rice planting. Instead of giving up in discouragement, the refugees worked night and day to repair the dike.

Kerosene-soaked rags on the ends of sticks made flares for their all-night-long labors. With no modern earth-moving equipment available, they used picks and shovels, and carried earth to small railway cars in hods suspended from A-frames on their backs.

The refugees, working without wages, were supplied through a U.S. voluntary agency with Public Law 480 cornmeal, flour, and cooking fats.

In a north African country, where unemployment is high and training facilities are meager, a voluntary agency,

on the basis of a careful survey of the economic situation and the labor market, has provided vocational training for young men and boys to meet the pressing demand for auto mechanics, welders, carpenters, electricians, and for young girls to be trained in garment making.

Six voluntary agencies are carrying on child feeding programs in 17 Latin American countries under the "Operation Ninos" program of the Alliance for Progress. The program is currently feeding more than 9 million Latin American children and by August 1964, an estimated 11.5 million Latin American children—or 1 out of 3—will benefit from "Operation Ninos."

One voluntary agency, organized specifically to serve children, in keeping with its emphasis on working with families rather than with the one child in the family group alone, has provided, in addition to clothing and personal articles for the child, household utensils and supplies from which the child's whole family benefits.

These examples indicate that the agencies relate their services effectively to the conditions of life of the people they serve. They are flexible and imaginative. They recognize the importance of teaching and training people within their own setting and seek ways of showing people how they can improve their way of living by helping themselves.

If one looks closely at voluntary effort, several new trends are apparent. The first of these is the development of closer relationships with organizations and institutions already present in the countries where the agencies are working. The voluntary agencies are uniquely suited to cooperative effort at this grassroots level because of the personalized way in which their help is given.

Another new development in voluntary foreign aid is the use of excess Government property made available to registered voluntary agencies under the foreign aid legislation of 1961. Recently, excess metalworking, laboratory, electrical and electronic equipment, and office machines have been released to a voluntary agency for its vocational training schools in Iran, Tunisia, Morocco, and Israel. A quantity of excess wool and cotton clothing with an acquisition value of approximately \$10 million is being made available by the U.S. Government to certain voluntary agencies and the American National Red Cross for use in their programs in developing countries and for refugees and victims of natural disaster.

Another trend is the growing awareness on the part of voluntary agencies of the problems faced by people moving from rural to urban areas, paramount among which is the search for a livelihood.

U.S. voluntary agencies are especially well fitted to deal with these problems since similar shifts of population have taken place in our history causing similar hardships. Several agencies are developing urban community services, co-operatives, and housing programs to cope with these problems.

Also apparent in voluntary agency activity is the formation in developing

countries of oversea councils or coordinating committees made up of representatives from U.S. voluntary and Government agencies, international organizations, local groups and the host government. Such groups afford an opportunity for an exchange of ideas and cooperative pursuit of common goals.

One final trend is closer cooperation between the Government and the voluntary agencies. A conference held in Washington in November 1962, arranged by the American Council of Voluntary Agencies for Foreign Service, is an example of this trend. Those attending included representatives from 21 Council member agencies, 26 guest organizations, the Agency for International Development, the Advisory Committee on Voluntary Foreign Aid, Department of State, Food for Peace, Department of Health, Education, and Welfare, Office of International Housing of the Housing and Home Finance Agency, Inter-American Development Bank, Intergovernmental Committee for European Migration, Pan American Union, and the U.N. Bureau of Social Affairs.

The conference promoted an exchange of views on a possible expanded role for the voluntary agencies, specifically with reference to U.S. voluntary agencies' participation in the Alliance for Progress.

While the trend is toward partnership between the voluntary agencies and the Government, it is a partnership of equals. The Government insists the agencies maintain their status as private independent groups supported by the free gifts of the American people. Only as such can they express the real concern of the American people for those in need. The American Council of Voluntary Agencies for Foreign Service has perhaps expressed it best of all:

Because of the organic structure of these voluntary associations, rooted in the good will of millions of constituents who support them, the organizations in the voluntary sector have a twofold impact: On the people overseas whom they benefit, and on the people at home whom they represent. Out of this arises a relationship between peoples of an abiding nature.

It is through the voluntary agencies Americans are finding expression for a philosophy of concern central to our American way of life, resulting in a unique mobilization of personal effort and cooperation around the world to serve the cause of freedom.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. INOUYE in the chair). Pursuant to a request of the State Department that a Member of the Senate be designated by the Vice President as an observer at the Food and Agriculture Organization of the United Nations at the conference to be held in Rome, Italy, on November 16–December 3, 1963, the Chair, on behalf

of the Vice President, designates the Senator from Iowa [Mr. MILLER] to act in this capacity.

BILL INTRODUCED

A bill was introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MUSKIE:

S. 2307. A bill to amend the emergency loan authority of the Secretary of Agriculture under subtitle C of the Consolidated Farmers Home Administration Act of 1961 to authorize such loans in areas where credit is not otherwise available because of serious economic conditions for farmers or ranchers; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MUSKIE when he introduced the above bill, which appear under a separate heading.)

LOANS TO CERTAIN FARMERS OR RANCHERS SUFFERING BECAUSE OF SERIOUS ECONOMIC CONDITIONS

Mr. MUSKIE. Mr. President, I introduce, for appropriate reference, a bill to amend the loan authority of the Secretary of Agriculture to authorize Farmers Home Administration emergency loans for areas where credit is not otherwise available because of serious economic conditions.

The Aroostook County, Maine, potato industry is in difficult financial straits. Agriculturally, Aroostook is suffering from the economic disability of continuous low potato prices, resulting from a national oversupply. As an area of substantial unemployment, industries and communities within the county have received benefits under the Area Redevelopment Administration and accelerated public works programs. However, the continuing and growing need for farm credit still exists. The Maine office of the Farmers Home Administration has done an excellent job in meeting the farmers' needs, but at present FHA's credit extension capabilities are limited. This additional lending authority is essential if the credit needs of the industry are to be met.

Since I am certain that other agricultural areas are faced with similar difficult economic conditions, I ask unanimous consent that the bill lie on the table through December 1, in order that my colleagues may have an opportunity to join me in sponsoring the bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Maine.

The bill (S. 2307) to amend the emergency loan authority of the Secretary of Agriculture under subtitle C of the Consolidated Farmers Home Administration Act of 1961 to authorize such loans in areas where credit is not otherwise available because of serious economic conditions for farmers or ranchers, introduced by Mr. MUSKIE, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENT NO. 320)

Mr. LAUSCHE submitted amendments, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

STATEMENT OF ROGER A. FREEMAN, SENIOR STAFF MEMBER, THE HOOVER INSTITUTION ON WAR, REVOLUTION, AND PEACE, STANFORD UNIVERSITY, BEFORE SENATE COMMITTEE ON FINANCE

Mr. DIRKSEN. Mr. President, on November 6, Dr. Roger A. Freeman, senior staff member of the Hoover Institution on War, Revolution, and Peace, Stanford University, appeared before the Finance Committee on H.R. 8363, the Revenue Code of 1963. Many members of the committee have commented on the statement made by Dr. Freeman. In view of the exceptional quality of the statement, I ask unanimous consent that it appear in full in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF ROGER A. FREEMAN, SENIOR STAFF MEMBER, THE HOOVER INSTITUTION ON WAR, REVOLUTION, AND PEACE, STANFORD UNIVERSITY, STANFORD, CALIF., ON H.R. 8363 (REVENUE ACT OF 1963), BEFORE THE FINANCE COMMITTEE, U.S. SENATE, NOVEMBER 6, 1963

In the course of the past 2 years a broad consensus seems to have been reached that what this country's economy needs is lower taxes. Organizations of labor and of business, wide sections of the public, many Members of Congress, and even most economists appear to concur in this general proposition. Most of the disagreements which almost always arise when tax revision is proposed concern the "how" of tax cuts more than the "whether." They tend to focus on the type of the suggested tax relief and on the circumstances accompanying the action rather than on the acknowledged fact that the American economy is not likely to develop its full growth potential as long as it is loaded down with its present tax burden.

Disagreements may be grouped under three major headings:

(1) How should tax relief be allocated by income classes? Should it be concentrated in the lower brackets so as to boost consumer spending? Or, should it aim primarily to stimulate incentives and investment by more sharply lowering high personal tax rates in the medium and upper ranges and by reducing the corporation tax rate?

(2) Should rate reduction be linked with a structural reform broadening the tax base? Should we narrow or eliminate some or many of the various deductions, exemptions, exclusions or credits and thus recoup part of the revenue lost by rate cuts? Or is the most urgently needed tax reform a lowering of rates which should not be jeopardized or delayed by tying it to other changes of a highly controversial nature?

(3) Should a tax cut be accompanied by corresponding action on the outgo side of the budget or at least a restraint on future expenditure growth? Or would a curb on public spending nullify the economic benefits of tax relief?

The President's proposals and the bill before your committee appear to take a clear stand on these questions:

(1) The President proposed to reduce the aggregate tax liability of persons in the lowest income bracket by 40 percent, with the relief gradually declining to 9 percent in the highest income bracket. He recommended to cut corporate tax liability by 8 percent (lowering the rate from 52 percent to 48 percent) but to advance payment dates and thus to defer cash relief for several years.

Revisions approved in the House of Representatives would not change these results significantly. The aggregate tax liability of persons in the lowest personal income bracket would be reduced 38 percent from the present level, and of those in the highest bracket, 13 percent, with relief in the intermediate brackets somewhere in between.

This means that H.R. 8363 as passed by the House would make income taxes more steeply graduated and primarily augment consumer purchasing power.

(2) The President did not propose to eliminate or reduce any of the major exclusions, deductions, or exemptions which now account for most of the vast difference—\$228 billion in 1960—between personal income and taxable income. Of the 16 structural changes with a revenue consequence in the personal income tax bill approved by the House, 8 would result in revenue gains and 8 in revenue losses. The net revenue gain would add an estimated 1.2 percent to prospective tax receipts; rate changes would reduce revenues by 20 percent. In other words, structural changes would be relatively minor and not broaden the tax base significantly, if at all.

(3) Amendments proposed in the Ways and Means Committee and in the House itself which would have conditioned the rate cuts upon restraints on increased spending failed by narrow margins. Thus H.R. 8363, as it now stands, reduces taxes but does not require corresponding action on the expenditure side.

In my testimony I propose to discuss these three major issues and shall try to evaluate whether the provisions of the bill, as approved by the House, are likely to have the hoped-for impact on the rate of economic growth and on unemployment.

My conclusions may be summarized as follows:

(1) The tax cuts proposed in H.R. 8363, which are estimated eventually to total \$11 billion, will provide long-needed relief to many persons. They will also give our economy a "shot in the arm" but are not likely to stimulate the rate of economic growth as powerfully as a tax cut of that magnitude could if it were designed primarily to promote growth rather than serve other ends. I question seriously whether the bill, as it now stands, will have a major and lasting impact on unemployment.

(2) Many improvements could and should be made in our tax structure. But the most urgently needed tax reform is a sharp cut in rates which ought not to be encumbered at this time with other revisions. Some of the structural changes in H.R. 8363 may hinder rather than advance economic progress.

(3) Cutting taxes at a time of heavy budgetary deficits without commensurate action to bring expenditures under firmer control may temporarily produce some favorable results. But it will, in the long run, prove to be self-defeating.

(4) Some public purposes can be served better by cutting taxes than by enlarging expenditures. One example of this is higher education which could be most effectively helped by the grant of tax credits for certain educational expenses and contributions.

This statement is divided into four sections:

I. How should income taxes be cut?

II. Should rate cuts be linked with tax reform?

III. Should a tax cut be accompanied by restraints on spending?

IV. Can tax credits help higher education more effectively than grants and loans?

I. HOW SHOULD INCOME TAXES BE CUT?

The broad consensus that income taxes are too high is of recent origin. To be sure, business groups and some economists have been contending ever since the end of World War II that excessive tax rates are repressing economic growth. But numerous other economists and labor unions have generally denied it. About 10 years ago Roy Blough, former Treasury official and member of the Council of Economic Advisers, wrote that "the pessimists who have continued to forecast the destruction of industry by high taxation have been faced instead by an expanding economy."¹ The late Randolph E. Paul, former General Counsel of the Treasury Department, told the Joint Economic Committee of Congress in 1955:

"Certainly, history fails to support arguments that high taxes have a ruinous effect upon the economy. I do not like high taxes myself, but I am obliged nevertheless, to admit that work and investment incentives have remarkably survived the high taxes of the last 20 years, and that venture capital is not lacking today after a long period of high taxation."

He cited approvingly a statement that "the higher our taxes go, the more we have left for investment and consumption," and asserted that "the bark of our individual income tax is much worse than its bite."²

The AFL-CIO proclaimed as recently as September 1960 in its handbook on Federal taxes that "the period of high taxation that has prevailed for the last 20 years has also been a period of very high income, savings and investment, indicating that there has been little if any loss of incentive."

In his bestseller "The Affluent Society,"³ John Kenneth Galbraith advanced the proposition that the level of taxation should be substantially raised: "The community is affluent in privately produced goods. It is poor in public services. The obvious solution is to tax the former to provide the latter—by making private goods more expensive, public goods are made more abundant." The Galbraith thesis was expanded in books by Francis M. Bator of MIT, Frederick C. Mosher of the University of California, David Demarest Lloyd, and others. Alvin H. Hansen, emeritus professor of political economy at Harvard, wrote in his book "Economic Issues of the 1960's" only 3 years ago: "If we are to meet at all adequately our growing public needs, we shall, I believe, need higher taxes."

The demands neither for higher nor for lower taxes were able to rally broad support. Many economists, and probably a majority at the time, agreed with Harvard economics professor, Arthur Smithies, who told the Joint Economic Committee of Congress in 1957 that "the problem in the tax area is tax reform rather than tax reduction."⁴

¹ Roy Blough, "The Federal Taxing Process," New York, Prentice-Hall, 1952, p. 464.

² Randolph E. Paul, "Erosion of the Tax Base and Rate Structure," Federal Tax Policy for Economic Growth and Stability, papers submitted by panelists appearing before the Subcommittee on Tax Policy, Joint Economic Committee, 84th Cong., 1st sess., 1955, pp. 297 ff.

³ Boston, Houghton Mifflin Co., 1958.

⁴ New York, McGraw-Hill, 1960.

⁵ "Federal Expenditure Policy for Economic Growth and Stability," hearings before the Subcommittee on Fiscal Policy of the Joint Economic Committee, 85th Cong., 1st sess., 1957, p. 354.

Tax reform rather than tax reduction was the declared objective of the President's tax message of April 20, 1961. In proposing certain structural changes the President emphasized that the resulting revenue gains and losses would offset each other, that "the tax system must be adequate to meet our public needs," and that it was necessary "to maintain the revenue potential of our fiscal system." In his news conference of March 1, 1961, the President reaffirmed an earlier statement that he would suggest sources of revenue to finance the new spending proposals he was sending to Congress. The President announced that he would submit a more comprehensive tax reform program to the next session of Congress and proclaimed his confidence in the existing tax system: "This message recognizes the basic soundness of our tax structure."

Within slightly over a year, however, the tax structure fell from grace. In his television address of August 13, 1962, the President charged that our tax structure "is a drag on economic recovery and economic growth, biting heavily into the purchasing power of every taxpayer and every consumer." The rates, the President said, "are so high as to weaken the very essence of the progress of a free society—the incentive for additional return for additional effort." Four months later, speaking to the Economic Club of New York, the President stressed "the accumulated evidence of the last 5 years that our present tax system, developed as it was during World War II to restrain growth, exerts too heavy a drag on growth in peacetime—that it siphons out of the private economy too large a share of personal and business purchasing power—that it reduces the financial incentives for personal effort, investment and risk taking."

What happened between 1961 and 1962 to change from praise of the tax structure to outright condemnation? The hopes which had been held and the forecasts voiced for a faster rate of economic growth and declining unemployment failed to materialize. Gross national product (GNP) which had been predicted to reach \$571 billion in 1962 fell short of that goal by \$16 billion. Unemployment which had been close to 4 million, or 5.5 percent of the civilian labor force, in 1959 and 1960, did not fall below those levels. A growing number of economists came to suspect that taxes were partly or largely to blame for the unsatisfactory performance of the economy. But much uncertainty remained: Is the damage being done by the sheer magnitude of amounts extracted from the private economy or by the nature of the tax system, by the types and rates of taxes?

Does the size of the tax burden repress economic growth?

Many observers hold it to be self-evident that taxes whose total amount equals a large and increasing percentage of a country's national income or product retard economic growth. The proposition is most plausible: The greater a share of their income individuals and businesses must surrender to the tax collector, the less they have left for consumption and investment. Also, taxes are costs of production, and when recovered in prices, lower a country's competitive standing.

But empirical proof for a negative correlation between the size of the tax burden and the rate of economic growth is hard to come by. Germany, France, Italy, Japan and several other countries bear taxes which in proportion to their national income are at least as high as ours or even higher. Yet, their economy has been growing at a much faster rate. On the other hand, we see many countries which levy relatively light taxes but seem unable to expand economically at

more than modest rates. Nor do available historical studies give us conclusive evidence of a positive relationship between low taxes and fast economic growth.

Such comparisons, derived from inadequate statistics which lack uniform concepts, are admittedly crude. But even more refined analysis, wherever it is possible, yields no convincing proof of the growth-retarding effect of a heavy overall tax burden.

What the Government collects in taxes it usually spends and thus substitutes for the spending which otherwise taxpayers would have done. Whether investment by Government is as productive as by individuals or business—or more or less so—is highly controversial, with the answers more firmly rooted in political philosophy than in economics. It seems to me that at this stage of our economic knowledge the proposition that the overall level of taxation (other factors being even) has a negative impact on the rate of economic growth is a hypothesis, which many of us believe to be correct but which so far we have been unable to prove. Most likely there is a level beyond which taxes become injurious to the economy. But we do not know just what that level is.

Taxes in the United States have shown a consistent tendency to grow, not only in amounts but also in proportion to the economy, as table I shows:

TABLE I.—Governmental revenues (Federal, State, local) in the United States, selected years, 1902-62

Fiscal years	Billions	Percent of net national product
1902.....	\$1.7	9.0
1922.....	9.3	14.0
1932.....	10.3	17.3
1942.....	28.4	21.3
1952.....	100.2	31.8
1962.....	167.9	34.1

Source: U.S. Bureau of the Census, "Historical Summary of Governmental Finances in the United States," 1959; U.S. Bureau of the Census, "Summary of Governmental Finances in 1962," 1963; Survey of Current Business, July 1963, and supplement, National Income, 1954; (national product for fiscal years 1902 and 1922: Raymond W. Goldsmith Associates, "A Study of Saving in the United States," vol. III, Princeton University Press, 1956).

In the fiscal year 1962 the revenues of all governments in the United States—Federal, State, local—equaled 34.1 percent of the net national product, 38 percent of the national income, 39 percent of the personal income. This truly is a large share but it is no larger than in several countries whose national product has been showing much higher rates of growth than we have been able to achieve.

None of those countries uses a tax system similar to ours. This suggests the question whether the tax structure, the type of the major taxes employed, could have a more powerful impact on economic trends than the aggregate amounts collected.

Does the type of tax structure affect the rate of economic growth?

The American tax system is like no other in the world. All industrial countries levy a graduated personal income tax but none leans on it as heavily as the United States. The mainstay of public treasuries in most countries is a general consumption tax and this is particularly true in the rapidly growing European economies. Personal and corporate income taxes tend to be important but secondary sources of revenue. This does not prove that heavy income taxation necessarily results in slower economic advance and that growth could be speeded up by a shift to consumption taxes. But it does nothing to weaken the suspicion that our economic ills are not entirely unrelated to reliance on ex-

tremely heavy income taxes in the United States over the past 20 years.

In his 1963 tax message the President declared that "the largest single barrier to full employment of our manpower and resources and to a higher rate of economic growth is the unrealistically heavy drag of Federal income taxes on private purchasing power, initiative, and incentive."

During World War II the United States was the only belligerent nation not to impose a major consumption tax. Instead, it pushed its income tax rates to near-confiscatory levels. This decision, which also meant that we would raise a lesser share of the war costs through current taxation than our allies, was not rooted in economic considerations but in the governing political and social philosophy. That philosophy continued to dominate policy through the post-war period and resulted in the rejection of all proposals to establish a more even balance between the major types of taxes which are now used in other countries throughout the free world.

To be sure, an unplanned gradual adjustment has been taking place. Between 1944 and 1962 receipts from income taxes in the United States doubled, from all other taxes almost quadrupled. The President's proposals would further slow down the growth of income tax collections, while other taxes are likely to continue increasing at a rapid rate.

The significant difference between consumption and income taxes is not the base on which they are levied but the fact that the former are more nearly proportionate—in some cases regressive—while the graduated income tax is progressive. The principle of progressive income taxation is now employed by every industrial country and is presently not in question. But the schedules which have been in effect in the United States over the past 20 years push progression to an extreme which has had a deleterious effect on incentives, investment and economic growth. While the proposals of the President and the provisions of H.R. 8363 would tend to deemphasize the relative role of income taxes in our fiscal system, they would also make the personal income tax more steeply progressive than it now is, as table II shows.

TABLE II.—Reduction in aggregate tax liability by income brackets in the President's proposals and in H.R. 8363¹

(In percent)		
Adjusted gross income class	President's proposals	H.R. 8363
0 to \$3,000.....	-39	-38.3
\$3,000 to \$5,000.....	-28	-26.2
\$5,000 to \$10,000.....	-21	-19.9
\$10,000 to \$20,000.....	-15	-16.4
\$20,000 to \$50,000.....	-12	-15.1
\$50,000 and over.....	-9	-12.6
Total.....	-18	-18.8

¹ Excluding capital gains revisions.

Source: "President's 1963 tax message," hearings before the Committee on Ways and Means, H.R. 8363, 88th Cong., 1st sess., 1963, pt. I, p. 28; "Revenue Act of 1963," report of the Committee on Ways and Means, to accompany H.R. 8363, H. Rept. 749, 88th Cong., 1st sess., 1963, p. 17.

I do not propose to discuss the philosophical and political considerations underlying the design of the pending revisions. But a review of their economic implications appears essential.

What causes economic lag?

It is now widely recognized in economic theory that the effects of average taxation make people work harder and the effects of

marginal taxation makes people work less. This means that a shift away from graduated income taxation may promote greater effort, but that making income taxes more progressive may have the opposite effect.

The proponents of steeper progression base their case on noneconomic grounds. Robert J. Lampman, economics professor at the University of Wisconsin, told the Joint Economic Committee in 1959:

"The principal argument for an egalitarian tax policy is that its favorable consequences, in terms of social and political conditions, outweigh the unfavorable consequences, in terms of an undesirable possible slowing of the rate of economic progress."⁶

Talking to the American Bankers Association in February 1963, Paul A. Samuelson, economics professor at MIT, took a similar position and stated that, for example, replacing graduated net income taxes by indirect taxes such as Federal excises or value-added taxes "represented too stiff a price to pay for some extra growth."⁷

The economic considerations underlying the tax revisions in H.R. 8363 deem inadequate aggregate demand to be the major element responsible for unsatisfactory economic expansion and high unemployment, and regard a lag in personal consumption to be the primary weakness. Personal consumption now accounts for almost two-thirds of GNP, government purchases of goods and services equal over one-fifth, and domestic investment and net exports the remainder.

Tax cuts in the low brackets, it is held, will strengthen the purchasing power of families which are most likely to spend their tax savings quickly. This in turn will cause merchants to increase their orders and manufacturers to enlarge their productive facilities. Thus more money in the pockets of low-income persons will spur the economy to faster growth.

Some believe that Government expenditures should also be stepped up, and a group of economists suggested in a statement submitted to the Secretary of the Treasury last July that stimulating aggregate demand "can be done by reducing revenues, by increasing Government expenditures, or by some combination of the two."⁸

The President declared in his tax message that he did not, at this time, recommend to raise demand by increased Government expenditures and thought that the proposed tax reduction would provide the needed stimulus.

The premise of the tax cut proposed in H.R. 8363, that the major economic lag in recent years occurred in consumption expenditures, is not borne out by the record. A review of developments since 1956—the year before the rise in unemployment began that still plagues us—suggests that consumption as well as Government spending expanded materially while business profits and investment lagged. Between 1956 and 1963 (first half, seasonally adjusted) personal consumption went up \$100 billion, Government purchases \$45 billion. Corporate net profits increased less than \$3 billion; business investment increased \$2.4 billion but, if expressed in constant dollars, actually declined.

Over the same period labor income grew \$90 billion, transfer payments \$18 billion, and the total disposable income \$107 billion.

⁶ "Income Tax Revision," panel discussions before the Committee on Ways and Means, House of Representatives, 86th Cong., 1st sess., 1959, p. 1198.

⁷ Proceedings of a symposium on economic growth, sponsored by the American Bankers Association, ABA, New York, 1963, p. 89.

⁸ Daily CONGRESSIONAL RECORD, Sept. 30, 1963, p. A6118.

But business and professional income advanced only \$5.5 billion.

The picture may be even clearer when expressed in relative terms in the following table:

TABLE III.—Economic trends between 1956 and 1963 (1st half, seasonally adjusted)

(In percent)		
	In actual dollars	In constant dollars
Number of unemployed.....		+49
Unemployment rate.....		+38
Gross national product.....	+37	+22
Personal consumption.....	+37	+21
Labor income and transfer payments.....	+40	+25
Business and professional income.....	+16	+3
Corporate profits.....	+11	-1
Expenditures for new plant and equipment.....	+7	-5
Government purchases:		
Defense.....	+40	+24
Civilian.....	+74	+55

Source: Economic Indicators, October 1962, and 1962 supplement.

Expressed in constant dollars, labor income increased 25 percent over the past 7 years and personal consumption 21 percent. But business and professional income grew only 3 percent, corporate profits declined 1 percent, and investment in new plant and equipment shrank 5 percent. Government purchases for defense expanded 24 percent and for civilian purposes 55 percent.

If the economy is to be stimulated by Government then it appears that such action ought to focus on the sectors which have been stagnating, business profits and productive investment, rather than on consumption which has continued to expand.

Some observers in recent years have commented sarcastically on what they called the "trickle-down" theory. What we are faced with in the demand to give priority to a boost in consumer purchasing power, it seems to me, is a "trickle-up" theory, and if the laws of physics have any validity then we may assume that a liquid is much slower in trickling up than in trickling down.

Consumption versus investment

The President's Economic Report, January 1963, discussing the disappointing trends in 1962, recognized that "it was therefore the failure of expenditures other than consumption to rise as far as had been expected that held down the rise in incomes and in turn consumers expenditures" and that "the error then was in the area of business investment, which fell about \$8 billion short of the level that had been expected for the year 1962," (p. 15). It is unfortunate that neither that report nor the 1963 tax message drew the obvious policy conclusions.

A comparison of trends in the United States and the countries of the European Economic Community (EEC) throws light on the relationship between growth in consumption and in investment. Between 1950 and 1961 (the latest year for which these statistics are now available) GNP grew 40 percent in the United States, 82 percent in the EEC countries (in constant prices). The EEC countries had very little unemployment; some encountered labor shortages. The significant shifts in economic shares are shown in table IV.

TABLE IV.—Shift in shares of gross national product in the United States and EEC countries, 1950–61 (gain or loss in percentage points)

	United States	EEC
Private consumption.....	-3.8	-6.7
Public consumption.....	+6.9	+1.4
Capital formation and stock changes..	-3.5	+3.0
Net exports.....	+4	+2.3
Total.....	0	0

Source: OECD, Statistical Bulletin, General Statistics, November 1962.

The most significant changes were: capital formation expanded in the EEC countries but shrank in the United States. The share of private consumption declined somewhat in the United States but fell very substantially in the EEC countries. Government expanded slightly in the EEC countries, very substantially in the United States. Exports slightly better than held their own in the United States but expanded substantially in the EEC countries.

In 1961 private consumption and Government consumption accounted for a greater share of GNP in the United States than in the EEC countries—a reverse of the relative position in 1950. Capital formation equaled a greater share of GNP in the European countries, both in 1950 and in 1961, but the difference between them and the United States widened. Investment in machinery and equipment in the EEC countries accounted in 1961 for more than twice as large a share of GNP as in the United States.

Simon Kuznets demonstrated in a major historical-analytical study, "Capital in the American Economy,"¹⁰ that in the long run capital formation has been the prime determinant of growth in the American economy, and that investment has been in a sustained relative decline due to a general preference for consumption and to the effects of taxation. The remarkable growth of the Soviet economy may be attributed to the high rate of capital investment (by the Government) and not to expansion of consumption which remains at a comparatively low level.

What stimulates investment?

Some observers hold that we could stimulate investment by making consumption rise faster. But this avoids the real issue. If a nation wants its economy to expand at a more rapid rate than it must put a greater share of its resources into capital formation and less into consumption. To favor consumption is to start at the wrong end.

That industrial managers are reluctant to expand the plants while much of their present capacity lies idle is an oversimplification. It is undoubtedly true that some of our industrial capacity has not been fully used in recent years. McGraw-Hill reported last July an 87-percent utilization in manufacturing although companies prefer to operate at a ratio about 5 points higher. But industrial capacity and its relationship to output is an elusive concept as several studies have shown. A great deal of machinery dates back many years and is more or less obsolete. It is counted as active, kept in reserve, and utilized when unusually heavy orders justify this. But in normal operation only more up-to-date equipment is used. Also, only about one-third of plant and equipment investment is intended to add to capacity while two-thirds are for modernization and replacement. European and Japanese companies have been changing to

more advanced technological methods at a more rapid rate than our industries and now have, on the average, plants which are of more recent origin and, presumably, more up to date.

What stimulates investment is high profits and what deters it is low profits. In his just-published book, "Capital and Rates of Return in Manufacturing Industries,"¹¹ George J. Stigler, economics professor at the University of Chicago, shows that a close correlation exists between longrun rates of return and rates of capital investment in manufacturing. The fact is that for some years now rates of return have been falling in the United States. The First National City Bank of New York reported return on net assets of leading corporations at a high of 13.3 percent in 1950, which declined to 11.3 percent by 1956 and has been below 10 percent ever since 1958. It stood at 9.1 percent in 1962.¹²

As a percentage of gross national product, corporate profits before taxes declined from 14.3 percent in 1950, to 10.7 percent in 1956, and to 8.6 percent in 1963 (first half, seasonally adjusted). Treasury Secretary Dillon recently expressed hope that corporate profits would again rise to at least 10 percent of gross national product but this may not soon happen without major changes in Government policy.

Relaxation of depreciation rules and investment credits enacted in 1962 have been of help. But depreciation provisions still are more restrictive in the United States than in many other industrial nations.

Moreover, a corporation tax rate of 52 percent is a deterrent to expansion. It means that \$2.08 is required in gross earnings for every \$1 of needed net return. This eliminates many potential new projects from further consideration.

Corporate tax relief

The corporate profits tax was scheduled in 1954 to drop from its (Korean) wartime high of 52 to 47 percent. Personal income tax rates were permitted to fall to their pre-Korean levels but corporate tax relief has been postponed every year since 1954.

In recent years a growing number of economists have come to recognize the ill effects of our high corporation tax rate. But the proposals of the President, implemented in H.R. 8363, would reduce the rate only to 50 percent and eventually to 48 percent. By advancing payment dates they would defer a reduction in corporate tax payments until the late 1960's. Whatever slight benefit might be derived from lower corporate rates would be more than offset by the suggested repeal of the 4 percent dividend credit.

The present proposals are a bitter disappointment to those who had hoped that the promised tax reduction would be so designed as to be effective in stimulating industrial growth.

Personal income tax relief

While the proposed reductions in the rates of the individual income tax will give effective and long-needed relief to many persons, they are not likely to produce as powerful a stimulative effect on economic growth as is hoped for and needed. The income tax structure has for the past 20 years been characterized by an excessively steep degree of progression which has stifled initiative and ventures and dried up investment funds. This will not be sufficiently mitigated by the proposed new scale.

¹⁰ National Bureau of Economic Research, Princeton University Press, 1963.

¹¹ First National City Bank of New York, "Monthly Economic Letter," April of each year.

The income tax acts somewhat like a schedule of speeding fines which are intended to discourage speeding; they rise by the number of miles by which the driver exceeds the speed limit. Speeding fines succeed in keeping most drivers within the bounds of permitted maximum limits. Likewise, our exorbitant graduated rates effectively restrain the natural dynamism of our economy.

While tax relief is needed and should be granted across the board to all income classes, it ought to be most substantial in the medium and upper brackets—not to help wealthy people but to help everybody by economic expansion. One example of such a plan is the Herlong-Baker bills (H.R. 348 and H.R. 265—88th Congress) which would reduce the rate scale of personal income taxes to a range from 15 percent to 42 percent and the corporate rate from 52 percent to 42 percent over a 5-year period. The bills have long been waiting for action in the House Ways and Means Committee.

It appears unwise at this time to free 1.5 million taxpayers from all tax liability by establishing a minimum standard deduction. Particularly in a country in which economic well-being is at a high level and widely diffused, and which is the only industrial country without a broad-based national consumption tax, there is little justification for increasing the incidence of "representation without taxation."

Income distribution

There has been much misunderstanding of trends in our income distribution and many wrong conclusions have been drawn. At hearings of the House Ways and Means Committee earlier this year President George Meany of the AFL-CIO stated that "the basic reason why the American economy has grown so slowly, why our national output is so far behind our productive capacity * * * is a shortage of customers with money to spend." He continued: "Income from property—dividends, interest, capital gains—has generally gone up at a rapid rate * * *. But all this time * * * the wage earners and salary earners have been getting a smaller share of the pie."¹³

In reviewing this charge it is apparent from table V that the share of wage and salary earners in the total personal income has substantially gone up for over 3 decades (which is as far as these statistics go back); it continued to increase even through the years of heavy unemployment since 1956. The share of business and professional income and dividends as well as other income has meanwhile just as steadily declined.

TABLE V.—Distribution of shares in personal income (before taxes), selected years, 1929–63

	Labor income and transfer	Dividends, business and professional	All other personal income
	Percent	Percent	Percent
1929.....	61.1	17.0	21.9
1940.....	67.5	15.6	16.9
1950.....	71.4	14.1	14.5
1956.....	75.1	13.0	11.9
1963 (September, seasonally adjusted).....	76.3	11.6	12.1

Source: Economic Indicators, October 1963, and 1962 supplement.

The incidence of low-income families has substantially declined and this trend is still continuing, as table VI shows.

¹³ President's 1963 Tax Message, hearings, op. cit., p. 1957.

¹⁰ National Bureau of Economic Research, Princeton University Press, 1961.

The upward push in income and the consistent narrowing of the low-income segment of our population are among the most gratifying trends in American society and will, hopefully, continue. But a tax structure which tends to penalize effort, enterprise and success is likely to slow up this whole-some development.

TABLE VI.—Distribution of households by real income level (before taxes), selected years, 1929-62

	[1962 dollars (price adjusted)]		
	Family personal income		
	Under \$4,000	\$4,000 to \$7,999	\$8,000 and over
	Percent	Percent	Percent
1929.....	70	22	8
1947.....	44	40	16
1959.....	33	40	27
1962.....	31	39	30

Source: Survey of Current Business, April 1963.

Taxes, wages, and unemployment

The most important benefit which many expect to result from pending tax revisions is a significant reduction of unemployment. The Chairman of the Council of Economic Advisers was recently quoted as predicting that "the proposed tax cut will add 2 million or 3 million jobs to the economy in the next 2½ years,"¹³ and has expressed hope that it will bring the unemployment rate down from its level of 5 to 6 percent, in recent years, to 4 percent or less.

This assumes that our present unemployment is of a cyclical nature, that it is due mainly to lack of sufficient aggregate demand, and that it will rapidly melt under the impact of a fast-growing GNP. But an increasing number of economists are coming to the conclusion that much of our large unemployment is due to a growing imbalance between the nature of available job openings, certain traits of the unemployed labor force, and the prevailing wage structure. If this view is correct, unemployment will not yield to accelerated economic growth. The President remarked at his news conference of October 11, 1962, that "we could have a great boom and still have the kind of unemployment they describe."

Until not so long ago it was widely taken for granted that lack of available work was the cause of our high rate of unemployment. The rate averaged 3.9 percent of the civilian labor force in 1946-48, 4.3 percent in 1955-57, 6.0 percent between 1958 and 1962. It stood at 4.8 percent (seasonally adjusted: 5.6 percent) in September 1963. This means that 1 in 20 of the men and women whom the Bureau of Labor Statistics counts as members of the civilian labor force reported that he or she wanted a job and did not have one. It does not mean that the total number of jobs available in the economy—i.e., work to be performed in terms of man-days—was 4.8 percent short of the number of persons willing to fill them.

In the same month, last September, 7.4 percent of all hours in manufacturing (the only industry for which this information is available) were overtime hours, paid for at premium rates. The industry could have employed, at regular hours, all of its workers and all of its unemployed—and still have had to get over 2 percent of its work done on overtime pay. Labor Secretary Wirtz was quoted as saying, "I think we have got to start asking whether things are working

right if 7 percent of our work is being done on an overtime basis, when we have got 5 to 6 percent unemployment."¹⁴

There may be several reasons why a company prefers to keep its workers overtime and pay them a 50-percent premium. But since managers as a rule try to keep costs down and do not without good cause pay rates which are 50 percent higher than necessary, we may assume that there were not enough competent workers available for hire. In other words, what was in short supply was not work to be performed or job openings, but competent workers whose output was at least the equivalent of a regular hourly wage. Companies apparently found that some of their workers were worth 150 percent of the established wage rate, while some of those looking for jobs were not even worth the regular rate.

As stated, this may be an oversimplification and, unfortunately, there are no statistics available on the number of available job openings. By and large, however, this probably describes the situation correctly.

Many facts appear in employment statistics which ought to give us cause to ponder. Why are 5 percent of all workers able to locate and hold several jobs simultaneously while an equal number can't find even one? Why is the unemployment rate as low as 2.6 percent among heads of households living with their families but averages between 5.2 percent and 11.0 percent among the various other classifications which consist of persons not responsible for the support of a family? Why is the unemployment rate at 2.1 percent (equal to 1 in 48) among men 35 to 44 years old, 7.2 percent among men 20 to 24, 4.8 percent among women 35 to 44, and 9.6 percent among women 20 to 24 years old? Do such discrepancies suggest merely a lack of job openings or a more serious imbalance? Should an unemployment rate of 3.5 percent among white men and 8.5 percent among nonwhite men be wholly attributed to discrimination in hiring or are other factors partly responsible?

Many of the men and women who report themselves to be unemployed in the monthly labor force surveys are not hired either because they lack the necessary qualifications or because they do not have a productive capacity which is at least equal to the established wage rate. They form the hard core of the unemployed.

This suggests that (a) many persons lack the training to fill available openings, and that (b) wage rates have risen to a level which exceeds the value of the work output of a growing number of low-skilled or unskilled persons. If so, the cause of high unemployment is not inadequate demand and it is unlikely to be cured by tax relief and a faster growth of GNP.

In a recent study, Lowell E. Gallaway, chief of the Analytical Studies Section of the Social Security Administration, concluded that: "The post-1957 experience in the United States represents a classic case of wage-push inflation with its attendant unemployment effects. And, of course, alleviation of this unemployment through a deliberate stimulation of aggregate demand (such as the proposed tax reduction) merely alters the situation to one of 'qualified' wage-push inflation."¹⁵

Unemployment is heaviest among persons with inadequate occupational training after school and little or no experience, and among the unskilled. About 1 in 7 teenagers, 16 to

19 years old, in the labor force, is listed as jobless. Unemployment is three times as frequent among teenagers as among adults. It is interesting to note that "in Great Britain, the unemployment rate for young people (aged 15-19) has generally been lower than for any other group, having seldom gone much over 1.0 percent in the postwar period," according to a report of our Bureau of Labor Statistics.¹⁶

Even considering a difference in statistical methods, this contrasts sharply with an unemployment rate of 14.7 percent for boys, 15.8 percent for girls, 16 to 19 years old in the United States in September 1963. Part of the explanation may be found in a comparison of the British and the American school systems, curriculums, occupational training and attitudes. But a major reason probably is that in Great Britain young people must first serve an apprenticeship of several years at merely nominal wages (virtually pocket money) until their work output justifies paying them a regular wage. Many of our teenagers are not hired because they are not worth the wage rate which they would have to be paid.

The unemployment rate among married men, with the wife present in the household, was only 2.3 percent (equal to 1 in 43) in September 1963 which is the lowest rate since early 1957. Since the incidence of unemployment declines conversely with the level of skill, we may assume that it was even lower among skilled workers. Unemployment rates of both sexes and all ages were, in September 1963:

	Percent
Managers, officials, and proprietors.....	1.6
Professional and technical workers.....	1.8
Craftsmen and foremen.....	2.8
Sales workers.....	4.0
Clerical workers.....	4.2
Operatives.....	6.2
Nonfarm laborers.....	17.9

In an analysis of trends during the 1950's based partly on unpublished statistics, which was presented September 20, 1963, to the Senate Subcommittee on Employment and Manpower, Prof. Charles G. Killingsworth, of Michigan State University, found: "Clearly, unemployment at the bottom of the educational scale was relatively unresponsive to general increases in the demand for labor while there was very strong responsiveness at the top of the educational scale."

Mr. Killingsworth's conclusion was: "The lagging growth rate is only a part of the problem, and it may not be the most important part. I think that it is extremely unlikely that the proposed tax cut, desirable though it is as part of a program, will prove to be sufficient to reduce unemployment to the 4-percent level."

One reason often advanced for the concentration of unemployment, and particularly of long-range unemployment, among persons of low skill and little education, is technological progress which has upgraded occupational requirements and wiped out hundreds of thousands of common laboring and other simple jobs. This, it seems to me, is not an adequate explanation.

In a free market the price of scarce goods will rise faster than the price of goods which are in surplus. But studies of wage trends have shown that occupational differentials have been narrowing and that the pay rates of skilled workers have been climbing more slowly than those of unskilled

¹³ Wall Street Journal, February 5, 1963.

¹⁴ Lowell E. Gallaway, "Labor Mobility, Resource Allocation, and Structural Unemployment," *The American Economic Review*, September 1963.

¹⁵ Joseph S. Ziesel, "Comparison of British and U.S. Unemployment Rates," *Monthly Labor Review*, May 1962.

¹⁶ Monthly Report on the Labor Force, September 1963.

workers. This was demonstrated in an analysis by Paul G. Keat of I.B.M., "Long-Run Changes in Occupational Wage Structure 1900-56." ¹⁸

The Economic Almanac for 1962 showed that the earnings of members of skilled occupations as a percentage of earnings in unskilled occupations dropped from 205 to 138 over a 50-year period.

This suggests that the wages of less skilled and unskilled workers were not set in a free market but by nonmarket factors—largely union pressure with government support—which boosted contractual or legal minimum wages to a level that exceeded the productivity of many. A large number of unskilled jobs were not wiped out by automation nor by too slow an economic growth rate but by wage rates which left an employer only the choice between hiring a worker at a loss or not hiring him. With the steady rise in legal and contractual minimum wages we may expect the unemployment rate to continue its long-range upward climb. A tax cut and even rapid economic growth are likely to be of only limited benefit to unskilled workers.

The outlook is truly grave in the light of recent trends. During the past 7 years the civilian labor force increased by 5.6 million persons, of whom only 37 percent located in private employment, more than two-fifths were added to government payrolls, and almost one-fourth swelled the ranks of the jobless, as table VII shows:

TABLE VII.—Increase in the civilian labor force between 1956 and 1963 (September, seasonally adjusted)

	Number	Percent
Increase in private employment...	2,069,000	37
Increase in governmental employment...	2,299,000	41
Increase in unemployment...	1,238,000	22
Increase in the civilian labor force...	5,606,000	100

Source: Economic Indicators, October 1963, and 1962 supplement.

In the next 7 years the civilian labor force is estimated to expand by about 10 million, or twice as much as in the past 7 years. How will those millions of new entrants find jobs while the present imbalance between productivity and wage rates continues?

It has occasionally been suggested to cure unemployment (and accelerate economic growth) by sharply boosting wage rates and particularly minimum wages. This is like telling a merchant that he ought to double the price of goods which he has been unable to sell. Instead of not selling them at \$1 he will then not sell them at \$2. Are workers who cannot find a job at \$1.50 likely to improve their chances by having their wage rate lifted to \$2 or \$2.50? This will push up prices and make more people unemployable. If raising wages were an effective method to stimulate rapid economic growth and employment, why don't we double them? Why don't some of the underdeveloped nations—where wages are truly low—lift themselves by their bootstraps by boosting wage rates?

To raise wages, in our present situation, to a substantially higher level would augment the purchasing power of workers able to keep their jobs and add to their effective consumer demand. But it would also make the competitive standing and profit picture of our industries more difficult, tend to channel orders and capital flow abroad, and further restrict the range of jobseekers with

a reasonable chance to be hired at prevailing wage rates. It could turn out to be the most effective method of widening the ranks of the involuntarily idle.

Some regard it as a mere coincidence that in the United States, where workers enjoy by far the highest wages in the world, the incidence of unemployment also is much higher than in other industrial countries. The Council of Economic Advisers remarked in the Economic Report of the President, January 1962, that "the post-Korean years were marked by the coincidence of relatively large wage increases with declines in industry employment."

Further analysis could produce more cases of such "coincidence." It is likely that there is a causal relationship between wages that rise faster than productivity and an economy which is unable to employ all workers who are available at those rates.

Senator PAUL DOUGLAS once explained this relationship:

"As has been stated, the curve of the diminishing increments attributable to labor seems to be so elastic that if wages are pushed up above marginal productivity there is a tendency for the employed workers to be laid off at approximately three times the rate at which wages are increased. Labor under the capitalistic system, therefore, tends in the long run to lose appreciably more through diminished employment when it raises its wages above marginal productivity than it gains from the higher rate per hour enjoyed by those who are employed. The converse of this is that when wages are thus above the margin, a reduction in the wage rate will help labor as a whole and increase the total amount paid out in wages by causing appreciably larger increases in the numbers employed and hence a decrease in the volume of unemployment."¹⁹

An effective way to accelerate economic growth and combat unemployment would be not to raise wages in keeping with (or more than) advances in productivity but to keep wages stable and let prices fall. This would improve our international competitive standing and boost the purchasing power of persons whose income does not rise at the same rate as wages established by collective bargaining or minimum wages set by legislation.

American practice in the postwar period has favored continuous rounds of wage boosts. The 1962 Economic Report recorded the average annual increase in output per man-hour in private nonagricultural industries during the postwar period (1947 to 1961) at 2.9 percent, the corresponding boosts in hourly compensation at 5.1 percent. Much of the steeper increase in wage rates was, of course, expressed in and consumed by the resulting price rises. But part of it benefited some of the workers—those who were able to hold on to their jobs.

Another part of the wage increases came out of profits. Under the pressure of growing competition from home and abroad and under Government influence, companies were reluctant to raise prices and absorbed part of the higher costs. This explains the oft-mentioned fact that prices have been rising at a slow rate, approximately 1.5 percent per annum, for the past 10 years. In fact wholesale prices have remained perfectly stable for the past 5 years. This found its expression in a shrinkage of profits. Corporate net profits declined as a percentage of sales from 5.3 percent in 1950 to 3.7 percent in 1956, and have ranged from 2.8 percent to 3 per-

cent in the past 3 years. As a percentage of national income they averaged:

	Percent of national income
1948-52.....	7.7
1953-57.....	6.3
1958-62.....	5.4
1963 (1st half).....	5.5

The profit squeeze made companies increasingly cost conscious. In an attempt to economize they kept hiring at a minimum and became more selective in regard to skills and qualifications of new workers. This is not likely to be changed until the wage-price structure and lower corporate tax rates enable companies again to earn adequate profits.

It may be well at this point to recall a pertinent statement by John Maynard Keynes:

"Unemployment, I must repeat, exists because employers have been deprived of profit. The loss of profit may be due to all sorts of causes. But, short of going over to communism, there is no possible means of curing unemployment except by restoring to employers a proper margin of profit."²⁰

Summary

The proposed cuts in personal income tax rates will be of material help to most taxpayers and spur the economy. They will ease some near-confiscatory rates to lower, if still exorbitant, levels, and effectively reduce the liability of persons in low-income brackets. But a tax cut which makes our tax structure more progressive by allocating the relatively greatest benefits at the lower end of the scale and gives little relief from the corporate income tax, is not likely to provide maximum stimulation to economic growth. It may lead to an increase in the number of jobs, but I doubt that tax reduction can make a major impact on our present type of unemployment which is caused by an imbalance between the type of available job openings, certain traits of part of the labor force, prevailing wage rates and profits.

The rate of economic growth could be more effectively stepped up by giving greater relief to the sectors which have lagged behind the rest of the economy, particularly behind private consumption and government spending, namely business profits, and capital formation, and by increasing incentives for effort and enterprise. Government should not hold a majority interest in anybody's income and the top rate of the personal income tax should not exceed 50 percent. The medium bracket rates would not be given sufficient relief under the provisions of H.R. 8363. I believe that they ought to be lowered by at least one-fourth from their present levels. The corporate tax rate should be gradually cut to about 40 percent and depreciation allowances further liberalized.

II. SHOULD RATE CUTS BE LINKED WITH TAX REFORM?

In the lively tax debates of recent years the term "tax reform" has acquired a specific and somewhat restricted meaning: a broadening of the tax base through a reduction of exclusions, exemptions, deductions, or credits. The principle of that type of tax reform is almost noncontroversial: everybody agrees that a broad tax base with low rates is preferable to a narrow base with high rates. But there is probably no more controversial subject in the tax field than the question which of the various provisions freeing certain

¹⁸ The Journal of Political Economy, December 1960.

¹⁹ PAUL DOUGLAS, "Controlling Depressions," Chicago, Norton, 1935, p. 221.

²⁰ John Maynard Keynes, "Essays in Persuasion," New York, Harcourt, Brace & Co., 1932, p. 275.

types of income from the tax ought to be narrowed or eliminated. As a result, very few of the much talked-about reforms have ever come close to enactment.

The most frequently heard assertion in this debate which reached its climax in the second half of the 1950's was that Congress by intent or oversight had permitted hundreds of "loopholes" to slip into our tax laws. Those escape hatches, it was said, enable the rich to avoid much or most of their tax liability while low-income persons, particularly wage earners who have their income taxes withheld, are subject to the full impact of the nominal rates of the law. One tax expert told the House Ways and Means Committee in 1959 that "our tax law is riddled by the benefits that are given to the wealthy, and for the most part the benefits that are given to the average man are negligible."²¹ That charge has a strong emotional appeal but is contrary to the facts.

It is true that the personal income tax reaches less than half of all income. The percentage of personal income which appears as "taxable" on Federal income tax returns equaled only 43 percent in 1960, up from 37 percent in 1950 and 31 percent in 1945. Available statistics do not permit us to compare personal income with taxable income by income brackets. But we can relate adjusted gross income to taxable income. Such a comparison, as shown in table VIII, reveals a steeply progressive scale: 26 percent of the income of persons making less than \$3,000 is taxable; then the percentage rises sharply, equals 58 percent in the \$7,000 to \$10,000 bracket and reaches 80 percent between \$25,000 and \$100,000 income. At \$100,000 and over it equals 78 percent.

TABLE VIII.—Taxable income as a percentage of adjusted gross income, 1960

Income class, adjusted gross income:	Percent
All.....	54
Under \$3,000.....	26
\$3,000 to \$5,000.....	42
\$5,000 to \$7,000.....	49
\$7,000 to \$10,000.....	58
\$10,000 to \$15,000.....	67
\$15,000 to \$25,000.....	74
\$25,000 to \$100,000.....	80
\$100,000 and over.....	78

Source: U.S. Treasury Department, Internal Revenue Service, "Statistics of Income, 1960; Individual Income Tax Returns for 1960, 1962."

A comparison by brackets between personal income according to concepts of the Department of Commerce, and taxable income according to tax returns, would, if it were statistically possible, undoubtedly reveal an even steeper progression than appears in table VIII.²² The fact is that most of the income in the higher brackets is subject to the Federal income tax and much or most of the income in the low brackets is not.

Most of the \$228 billion personal income not subject to Federal taxation—the differ-

ence between personal income and taxable income—accrued to the benefit of persons in the lower brackets, as is evident from table IX.

TABLE IX.—Taxable and nontaxable personal income in 1960

	Billion dollars	Percent
Taxable income.....	173	43
Nontaxable income.....	228	57
All personal income.....	401	100
Nontaxable income.....	228	100
Social welfare payments.....	29	-----
Exempt labor income (employee welfare plans, etc.).....	10	-----
Computed rent on owner-occupied homes.....	7	-----
Other imputed (nonreceived) income.....	11	-----
Income in kind.....	4	-----
Exempt military pay.....	2	-----
Property income of nonprofit organizations.....	2	-----
Other.....	5	-----
Total.....	70	-----
Items which are taxable, although not income:		
Capital gains.....	6	-----
Contributions to social insurance.....	9	-----
Other.....	3	-----
	-18	-----
Personal exemptions.....	52	23
Itemized deductions.....	98	43
Standard deductions.....	33	14
Nonreported income.....	12	5
	33	14

Source: Computed from "The Tax Base for Individual Income," Survey of Current Business, May 1963, and IRS Statistics of Income, 1960.

Personal exemptions, social welfare payments, standard deductions and imputed income account for close to three-fourths of the difference between personal income and taxable income. Unreported income is estimated at \$33 billion (of which more than \$5 billion may be disclosed in the audit process) and itemized deductions amounted to \$33 billion. Itemized deductions have figured prominently in the debate as a means of escape from income taxes for wealthy persons. However, table X shows that deductions were relatively larger in the low brackets.

TABLE X.—Itemized deductions claimed on 1960 personal income tax returns as a percentage of adjusted gross income (AGI)

Income class, adjusted gross income:	Percent
All.....	18.7
Under \$3,000.....	24.1
\$3,000 to \$5,000.....	21.7
\$5,000 to \$7,000.....	20.1
\$7,000 to \$10,000.....	18.9
\$10,000 to \$15,000.....	17.4
\$15,000 to \$25,000.....	15.9
\$25,000 to \$100,000.....	15.0
\$100,000 and over.....	20.4

Source: U.S. Treasury Department, Internal Revenue Service, "Statistics of Income, 1960; Individual Income Tax Returns for 1960, 1962."

It is of course true that much "adjusted gross income" in the top brackets is not taxed at the nominal rates of the personal income tax. If it were, our economy would have fallen into stagnation long ago. Capital gains are the major reason for the difference between nominal and actual tax rates at high income levels and account for close to two-thirds of total realized income in the top brackets. An attempt to tax capital gains at regular rates would sharply restrict capital mobility, freeze investments with unrealized gains, and might result in less revenue.

Most of the demands to "close the loopholes" have ignored the big nontaxable items of personal income and focused attention on relatively small items. Had the proposals been enacted they would have broadened the tax base by little and not added significant sums to revenue. But those revisions would have made the income tax more progressive. To redistribute income more drastically, rather than to broaden the tax base, seems to have been the purpose of the "close the loopholes" drive.

The late Senator Robert S. Kerr wrote in an article in *Look* magazine, March 13, 1962: "One of our most persistent national myths is that U.S. tax laws include provisions that favor small groups of people and permit them to escape paying their fair share of taxes. The statement is frequently made—by some professors, editors, economists, authors, radio and TV commentators, and even a few politicians—that if Congress would close 'loopholes,' substantial reduction in income taxes could be made. After serving on the Finance Committee of the U.S. Senate for over 12 years, I have come to the conclusion that the word 'loophole' is loosely used to apply to some provision of the Internal Revenue Code that some industry, group of persons, or individual does not like, regardless of its merits."

Little revenue would be added by eliminating the most frequently mentioned loopholes. Several years ago, I concluded that "substantial reductions in tax rates through the closing of 'loopholes' is not a hope but a mirage."²³

Simplification of our tax laws is, of course, highly desirable. But it is unlikely to happen as long as taxes are as heavy as they now are. Theoretically, we could repeal all exclusions, exemptions, deductions, credits and other differentials and collect as much revenue from a comprehensive income tax with a flat rate of 10 percent as we do now with rates ranging from 20 percent to 91 percent. But this is politically impossible.

That a tax statute as intricate as our Internal Revenue Code contains some inequities is virtually inevitable. As they are found and recognized as flaws they should be corrected. This is why tax reform must be a continuous process rather than a one-shot proposition.

The President recommended certain revisions in his 1961 tax message and announced that he would place a comprehensive tax reform program before the succeeding session of Congress.

Most of the changes which the President recommended in his 1963 tax message were not of a major character except the plan to place a 5-percent floor under itemized deductions. This would have sharply curtailed the use of deductions and adversely affected donations to many worthy causes. When 103 out of 104 witnesses testified against it, the House Ways and Means Committee quickly killed the proposal.

The President subsequently explained why he refrained from advocating more extensive tax reform at this time. He felt that the cut in tax rates—which he called the most important domestic economic legislation in 15 years—should not be jeopardized or delayed by injecting highly controversial issues which faced a doubtful reception by Congress. Several major organizations, of labor and of management, also have suggested that pending desired structural changes were of secondary importance (and some of questionable merit), and should not be permitted to interfere with prompt action on rate reductions.

²³ Roger A. Freeman, "Taxes for the Schools," Washington, the Institute for Social Science Research, 1960, p. 96.

²¹ "Tax Revision Compendium," Papers submitted to the Committee on Ways and Means, H.R. 1959, vol. 1, p. 538.

²² Most of the items which are counted as personal income by the Department of Commerce but not included in adjusted gross income accrue to low-income persons, e.g. social security, public assistance, unemployment compensation payments, income in kind, imputed income, etc. Capital gains, on the other hand, are included at 50 percent in adjusted gross income but not regarded as personal income and are wholly excluded by the Department of Commerce; see table IX.

A substantial majority of those who have participated in this debate expressed their belief that the most urgently needed tax reform is a lowering of our exorbitant income tax rates and that other desired changes should wait their turn. I agree with this proposition. While there are many provisions in the Internal Revenue Code which ought to be thoroughly scrutinized and amended, I can see no reason why this should be tied in with rate reduction. A structural revision which cannot find approval on its own merits without a "sweetener," may not necessarily be an improvement. I question whether it is good procedure to gain through simultaneous rate cuts the consent of a majority for the placing of heavier taxes on a vote-weak minority.

H.R. 8363 contains several structural changes with relatively small revenue consequences. Some of them, and I mention particularly the sick pay exclusion, casualty loss deduction, and moving expenses, are desirable.

Four changes in H.R. 8363 are more substantial. The elimination of gasoline, alcohol, tobacco and certain other minor State and local taxes as deductible items serves to broaden the tax base. It also makes it somewhat harder for States and localities to finance their own highway construction and other activities, and establishes a questionable precedent.

To reduce from 50 to 40 the percentage of capital gains on items held more than 2 years which are includible in income as a desirable change. A reduction to 30 percent, as proposed by the President, would have been even better.

Is it good public policy to free 1.5 million taxpayers from all tax liability by the establishment of a minimum standard deduction? What effect will that have on their interest in the fiscal operations of the Government and on their attitude toward expansion of benefits in whose financing they do not share?

The purpose of permitting deductions from adjusted gross income is to give due consideration to relatively heavier burdens or to recognize donations to worthy causes. A modest standard deduction is justified for administrative convenience. But to expand that privilege, regardless of burdens actually borne, opens a loophole and narrows the tax base for no legitimate reason.

To repeal the dividend credit would prove detrimental to economic growth. The credit was established in 1954 to encourage equity investment and to give at least a token recognition to the fact that not all of the corporate profits tax is shifted to consumers, and that some part of it is borne by stockholders and taxed twice. The credit ought to be raised to 10 percent. The Treasury's argument in favor of repeal²⁴ can be reduced to the aim of making the tax structure more steeply progressive.

Summary

The most urgently needed tax reform is a reduction of personal and corporate income tax rates. Other tax revisions should be acted upon in due course and separately.

Some of the structural changes in H.R. 8363 are desirable improvements. I believe, however, that the creation of a minimum standard deduction and repeal of the dividend credit are detrimental and ought to be eliminated from the bill.

III. SHOULD A TAX CUT BE ACCOMPANIED BY RESTRAINTS ON SPENDING?

The House debate on H.R. 8363 turned almost exclusively on whether Congress was justified in cutting taxes at a time of rising expenditures and big deficits. There was, to be sure, concern over some of the substantive provisions of the bill, but lack of opportu-

nity to amend it under the closed rule focused most attention on the merits of an action which, at least initially, would substantially increase the size of budgetary deficits and of the national debt. This fairly reflected the uneasy feeling among broad sections of the American public which was well summed up in the New York Times of September 22, 1963, by John D. Morris:

"Despite the heaviest tax burden in history, the average voter today seems to be less interested in getting some relief from it than in balancing the Federal budget."

The results of several Gallup polls were confirmed by dozens of polls which Members of Congress conducted in their own constituencies: about three-fourths of the American people are opposed to a tax cut which would boost the deficit and the national debt. They may be less sophisticated than some of our governmental economists but are reluctant to believe that we can create lasting prosperity by spending beyond income and providing the necessary money by printing it.

Do budgetary deficits create lasting prosperity?

A contracyclical policy of "leaning against the wind," and of balancing the budget not annually but over the business cycle, has become widely accepted, not only by economists but, as several polls have shown, also among the general public. But what is proposed here is something much more ambitious: to raise through planned sizable deficits the prevailing rate of economic growth.

The American economy is not now in a recession and has not been in one for some time. It is on the whole prosperous and gives no indication of an imminent or impending downturn. GNP is continuing to expand at least at its long-range historical rate.

Of course, everybody would be happy if national income grew more rapidly. Would a planned budget deficit in the next 2 fiscal years produce a lasting increase in the rate of economic progress and lead to rising Government revenues and balanced budgets several years hence, as the President promised? Or shall we be told 2 or 5 years hence that the rate of growth still is not high enough, or the rate of unemployment not low enough, to permit our budget makers to keep expenditures within revenues?

The President warned the Business Committee for Tax Reduction last September: "If this program isn't successful, then other means must be suggested." He and his advisers have left no doubt but that they regard a tax cut as an alternative to sharply increased Government spending. The private economy is to be given a chance to grow more rapidly with a reduced tax burden, before enlarged spending is resorted to.

The President and his economic advisers maintain that a restraint on spending would nullify the beneficial effect of the tax cut. The latter would boost aggregate demand but lower spending would reduce it. The assumption behind this belief is that the drag on the economy is not caused by our lopsided and excessive tax structure but by the fact that budgetary deficits have not been big enough. This was clearly indicated by John P. Lewis, a member of the Council of Economic Advisers, who told his audience at Notre Dame University on September 11, 1963, that taxes "had gotten too high relative to Government expenditures."

A statement supporting the administration's proposals, signed by about 400 economists, suggested that the economy might be spurred to faster growth "by reducing tax revenues, by increasing government expenditures, or by some combination of the two."²⁵

The proposition that what this country needs is bigger deficits now, if it is to have balanced budgets later on, suggests, as George J. Stigler of the University of Chicago remarked, that "the way to avoid a huge deficit is to seek a large one."

The theory that large deficits raise the rate of economic growth or lift employment to sustained higher levels has never been proven. Federal outlays in the fiscal years 1933-34 through 1938-39 were twice as large as in the preceding 6 years with virtually all of the additional funds deficit-financed. But unemployment declined only from an average of 12.4 to 9.9 million, which still left 1 of every 6 workers unemployed. The Federal deficits of the mid-1930's were, in relation to the size of the economy, equivalent to a present annual deficit of \$20 to \$25 billion. If a red balance of that magnitude for several successive years does not bring back full employment and prosperity, how big an annual deficit would we need, and for how long, to have the desired impact?

Federal cash transactions in the dozen years 1946 through 1957 yielded an aggregate surplus of \$11 billion, and the unemployment rate averaged 4.2 percent. In the succeeding 5 years, from 1958 through 1962, the Federal Government ran a net cash deficit of \$24 billion, and unemployment averaged 6 percent. The President proposed in January 1963 an aggregate cash deficit of \$18.6 billion for the fiscal years 1963 and 1964, but this is unlikely to reduce unemployment to the level that prevailed prior to 1957.²⁶

Last February, George Terborgh, research director of the Machinery and Allied Products Institute, presented to the Joint Economic Committee a quarterly analysis of Government deficits and economic growth rates in the postwar period.²⁷ It showed a slightly positive correlation between budget surpluses and rising GNP (+0.39) when related to simultaneous economic data, and virtual zero correlation (-0.04) with a 6-month lag between budget and GNP figures.

There has been much comment on a study by Andrew H. Gantt according to which the United States incurred fewer and smaller budget deficits in the 1950's than Great Britain, France, and Germany.²⁸ Subsequent research by Michael E. Levy generally confirmed Gantt's findings but did "not indicate any systematic relationship between budget deficits and growth" in a comparison of the United States and six European countries. The study "does not support current arguments which imply that larger deficits—or low-saving budget structures—as such, are bound to result, almost automatically, in accelerated economic growth over the years."²⁹ Another comparative analytical study of the United States and several other countries by Beryl W. Sprinkel suggested that economic growth was more likely to be spurred by monetary expansion than by larger deficits.³⁰

It is well known that some of the experts which the U.S. Government dispatched to

²⁴ According to more recent estimates the deficit may actually be somewhat smaller; but this is immaterial to the basic argument over the growth-creating effect of deficits.

²⁷ "January 1963 Economic Report of the President," hearings before the Joint Economic Committee, 88th Cong., 1st sess., 1963, pt. 2, p. 773 ff.

²⁸ "Central Governments: Cash Deficits and Surpluses," the Review of Economics and Statistics, February 1963.

²⁹ Michael E. Levy, "Fiscal Policy, Cycles and Growth," National Industrial Conference Board, 1963, pp. 51, 56.

³⁰ "Relative Economic Growth Rates and Fiscal Monetary Policies," the Journal of Political Economy, April 1963.

²⁴ President's 1963 tax message, hearings, op. cit., pp. 246 ff.

²⁵ Daily CONGRESSIONAL RECORD, Sept. 30, 1963, p. A6118.

West Germany after World War II advocated enlarged public spending and deficit financing as means to achieve prosperity but that the German Government disregarded their advice. In a recent illuminating book, "Fiscal Policy for Growth Without Inflation: The German Experiment," Frederick G. Reuss demonstrated how the German Government's conservative budget policy was followed by spectacular economic growth.²¹ The proof is yet lacking whether a deficit policy improves a country's economy or whether it only helps temporarily to cover up an underlying imbalance or deficiency.

Does public spending reduce unemployment? The example of public works

It may well be said that such historical comparisons and analyses are interesting enough but cannot disprove an obvious fact: Government can, by spending substantial sums which were not collected by taxation but created through the central banking system, place large numbers of jobless workers on its payroll or have them employed by giving contracts to private industry. The most frequently cited example of putting idle men to work is public works expansion. An enlarged public works program was approved in 1962, and additional authorizations are now under consideration in the House Public Works Committee.

It has been estimated that \$1 billion in new public funds could put 100,000 additional men to work on construction.²² Would this be a net addition to employment or could the award of \$1 billion in Government contracts have an adverse effect on prices, private demand and other employment?

Construction prices have been rising much faster than other prices for as far as our statistics go back (to 1915). Taking 1915 as 100, prices and wages stood in mid-1963 as follows:

Wholesale prices.....	263
Consumer prices.....	302
Construction prices.....	539
Building materials.....	465
Building trade union hourly wages.....	856

Source: Construction Review, September 1963 and Statistical Supplement.

U.S. Department of Labor, Union Wages and Hours, Building Trades, 1962.

Economic Indicators, October 1963.

U.S. Bureau of the Census, "Historical Statistics of the United States, 1960."

Construction wages and prices continued to rise more rapidly than other wages and prices right through the period of heavy unemployment since 1957. The offering of huge Government construction awards would have an impact on wage negotiations, lead to steeper boosts in contract renewals and result in still higher construction prices.

A one-family house now costs 5.4 times as much as an equivalent house would have cost 50 years ago, while other prices, wholesale or retail, multiplied only 2.6 times or 3 times respectively. Obviously, many more houses could be sold if construction prices had risen only in proportion to other prices and if a modest residence would now cost \$8,000 in-

stead of \$15,000. Large numbers of low-income earners have been driven out of the housing market and remain in substandard dwellings.

In other words, a large public works program, while directly employing additional workers, would tend to push prices up even faster and to eliminate more marginal would-be buyers from the housing market. It would depress private demand, and in the end, might lead to less aggregate employment in construction.

Do budgetary deficits lead to inflation?

The widespread aversion to governmental deficit spending is related to one common fear: that it would lead to inflation. Few can forget that the dollar lost half its value between the mid-1930's and the early 1950's.

Opponents to spending restraint reply that prices have been rising very slowly over the past 10 years in spite of sizable deficits. Consumer prices increased an average of only 1.5 percent per annum and wholesale prices have remained stable for the past 5 years. This does not suggest an automatic or inevitable correlation between deficits and prices. Moreover, we are told, there is no likelihood of inflation as long as we have sizable unemployment and unused productive capacity.

But unemployment, though substantial, is not uniform across the board. It is concentrated at lower levels of skill. Added demand may not provide many new jobs for laborers or miners but would strengthen the bargaining power of employed workers and also lead to more overtime and more moonlighting.

The upward trend in wages continued through the period of heavy unemployment. Prices rose only moderately because companies managed to cut costs—i.e. did less hiring—and narrowed profits, which in turn affected investment.

If deficit financing were an effective method to accelerate economic growth and reduce unemployment, few countries would have a serious problem. All their governments would need to do is to run the printing press and spend more than they take in. In fact, several dozens of countries in Asia, Europe, and Latin America, in various stages of economic development, have done exactly that time and again over the past 1,000 years—almost always with catastrophic results.

Such comparisons, we are told, are irrelevant because we are not faced with runaway inflation. A moderate and gradual expansion of public demand is not likely to boost annual price rises by much more than the 1.5 percent per annum which we have experienced for the past 10 years. This is a small price to pay for accelerated growth.

But a continued upward trend in prices of 1.5 percent per annum is not quite as harmless as it may appear. It means an increase of 50 percent in 27 years. It may cause mortgage money to cost 6 percent per annum instead of 4.5 percent. So the interest cost of buying a home—a large share of the total cost—will be one-third higher. It keeps the interest cost of Federal, State, local, and corporate bonds high because lenders will try to protect themselves against loss of principal value. It shrinks the purchasing power of millions of persons whose income does not rise with the Consumer Price Index or the next contract renewal.

Last not least: the deficits we have experienced in recent years have not brought rapid economic growth or full employment. Has this caused the advocates of deficit spending to reexamine their premise? Quite the contrary: They now assert that deficits have not been big enough and ought to be enlarged. If larger deficits do not end high unemployment there will be clamor for still bigger ones.

Deficit financing is like taking narcotics, it is habit forming. To produce a pleasant

sensation, the doses must be steadily increased and the patient becomes wholly dependent on them. If a \$5 billion deficit won't bring full employment and 5 percent annual growth in GNP, why not try \$10 or \$20 billion? The President has already indicated that if the present program—which would mean an initial deficit close to \$10 billion—is not successful, other means would have to be found. Those other means, it is implied, are enlarged Federal expenditures.

The growth rate of Federal spending—too rapid or too slow?

In view of the public's uneasiness over tax cuts at a time of big deficits, the President recently announced his intention to keep spending under control. In a letter to the chairman of the House Ways and Means Committee he declared that "our long-range goal remains a balanced budget in the balanced full employment economy" and that "tax reduction must also, therefore, be accompanied by the exercise of an even tighter rein on Government expenditures."²³ This was written in response to a request in the preamble of H.R. 8363 (sec. 1):

"Congress by this action, recognizes the importance of taking all reasonable means to restrain Government spending and urges the President to declare his accord with this objective."

We may ask: How serious are such general declarations to be taken? What recommendations have come forth to implement them? How do they harmonize with the administration's general policy?

The record provides the answer. At his news conference on April 3, 1963, the President declared that nondefense expenditures ought to rise faster, and added:

"I am concerned that we are not putting in enough, rather than too much, because the population of the country is growing 3 million people a year."

Over the past 10 years the country's population has grown 19 percent, while the Federal Government's non-war-connected expenditures jumped 245 percent.²⁴ If an increase of that size within 10 years is held to be "not putting in enough," how much is enough?

The President has sent to the 88th Congress over a hundred new or enlarged spending proposals which would add \$3 billion in the fiscal year 1964 and more than \$17 billion in a 5-year period. He demanded that the proposals be promptly enacted and did not indicate a willingness to withdraw or postpone any of them. In fact, the House was advised that the exercise of an even tighter rein on Government expenditures would not

²³ CONGRESSIONAL RECORD, Sept. 24, 1963, p. 17907.

²⁴ Computed as follows:

Federal cash expenditures 1954 and 1964
(Payments to the public)

	[Dollars in billions]		
	1954 (actual)	1964 (proposed by President)	Increase (percent)
Total expenditures.....	\$71.9	\$122.5	+70
War connected (national defense, international affairs, space activities, veterans benefits, interest on the national debt).....	58.6	70.7	+31
Domestic purposes.....	13.3	45.8	+245

Source: "The Budget of the U.S. Government, fiscal year ending June 30, 1964," p. 430.

²¹ The Johns Hopkins Press. Reuss also showed what happened when the German Government abandoned the steeply progressive tax structure which the Allied Control Council had imposed in 1946, and sharply reduced progression in the income tax while increasingly relying on consumption taxes: The economy boomed and Government revenues increased.

²² This does not consider the so-called secondary (offsite) employment, nor the fact that much of the need would be for skilled workers and technicians rather than for semiskilled workers and laborers who constitute the bulk of the hard-core unemployment.

affect any of the President's recommendations for new programs.⁵⁵

We may ask: How are spending restraints to be implemented if they are not to affect programs which have not even been enacted yet? Would not a moratorium on new programs be easier to carry out than a cutback on established operations? If the administration intends to put the brakes on expenditures, why does it so strenuously object to formalizing restraints? Restraints of the type suggested in the House amendment to recommit H.R. 8363 could be speedily amended or repealed should circumstances arise which require and justify such action.

In his speech at Yale University on June 11, 1963, the President declared that for the last 15 years the Federal Government has grown less rapidly than the economy as a whole or any major section of our national life and very much less than the noise about big government.

The official record, however, reveals that between the fiscal years 1948 and 1963, GNP increased 129 percent, Federal spending 220 percent (table XI). War-connected outlays expanded 146 percent, while spending for domestic purposes jumped 525 percent, which is more than four times the growth rate of the GNP.

An analysis of expenditure trends, as summarized in table XI, suggests the possibility of a danger far worse than runaway expenditures of inflation: national security projects may be deferred or rejected in order to make resources available for welfare and other civilian purposes. That would not at all be a new experience. In a careful study of the postwar record of defense budgeting, Samuel P. Huntington of the Institute of War and Peace Studies at Columbia University wrote that "the tendency was: (1) To estimate the revenues of the Government or total expenditures possible within the existing debt limit; (2) to deduct from this figure the estimated cost of domestic programs and foreign aid; (3) to allocate the remainder to the military."⁵⁶

TABLE XI.—Federal expenditures and gross national product, fiscal years 1948 and 1963
(Dollars in billions)

	Fiscal years		Increase (percent)
	1948	1963	
Federal cash expenditures (payments to the public).....	\$36.5	\$116.8	+220
War connected (national defense, international affairs, space operations, veterans benefits, interest on the national debt).....	29.4	72.2	+146
Domestic purposes.....	7.1	44.6	+525
Gross national product.....	246.6	564.5	+129

Source: "The Budget of the U.S. Government, 1962," p. 979; "The Budget of the U.S. Government, 1964," p. 430; "The Budget in Brief, 1964," p. 63.

There seems to be less reluctance than in prior years to recommend a higher debt ceiling. But recent experience with the abandonment of weapons systems projects, such as Skybolt, B-70 (later RS-70), Rover, and lately the nuclear carrier, which were requested by the armed services and declared to be essential by military experts but can-

celed by the administration, suggests that the tendency described by Huntington appears to continue. Priority for Federal funds is accorded to numerous new or expanded welfare and other domestic programs which are advanced simultaneously with the cancellation of national security projects.⁵⁷

Officials of the Department of Defense have recently indicated that defense spending will level off or even decline in the next few years. But the President stated in a speech delivered only last week that he desired his many new domestic spending proposals to be enacted by Congress.

The counter argument, favoring spending for domestic purposes, usually points at activities which are in the national interest and declared to be in need of Federal financial assistance. The question is whether many of those purposes could not be effectively promoted or aided by means other than Federal appropriations.

For example, education, which is the subject of more than two dozen programs submitted by the President to the 88th Congress could be more appropriately helped by tax concessions—for school taxes, for tuitions and other educational expenses, for gifts to educational institutions—than by the enactment of new expenditure programs. Many such proposals are pending.

Since revisions of the revenue laws are under the jurisdiction of your committee, and since several such amendments to H.R. 8363 have been introduced, with several more to follow, I am outlining in the fourth and last part of this statement, how higher education could be helped by tax credits.

Summary

The need to cut the exorbitant income tax rates is urgent and now generally recognized. But to cut taxes at a time of large budgetary deficits and rising public spending without tangible steps to apply expenditure restraints may prove self-defeating. It may produce an initial spurt in the economy and a slight reduction in unemployment. But a material and sustained rise in the rate of economic growth and in employment requires that the Government budget be balanced over the business cycle. Experience has shown that mere intent to control expenditures is not of itself strong enough to resist the ever-present pressures. It should be accompanied by tangible evidence and enforceable statutory restrictions.

IV. CAN TAX CREDITS HELP HIGHER EDUCATION MORE EFFECTIVELY THAN GRANTS AND LOANS?

The financial requirements of institutions of higher education (IHL) will sharply increase in the next few years as the wave of postwar babies starts to graduate from high schools in 1964 and enrolls in colleges and universities. Attendance at IHL is expected to increase 50 percent or more during the balance of the 1960's.

Educational needs and financial prospects

The foremost need is for an enlarged faculty of high caliber. This calls for substantial salary increases in order to attract a sufficient number of qualified men and women and to motivate gifted young people to seek an academic career. It also requires a substantial expansion in the physical plant.

Some observers believe that the present sources of income for instructional purposes—mostly: State and local government appropriations; student tuitions and fees; gifts and endowment earnings—will not pro-

vide sufficient support in the years ahead and that revenues ought to be supplemented by Federal funds. Certainly the number of those who so believe has sharply increased over the past decade. The issue is controversial but I shall not discuss it further in this statement.

The fact is that no President of the United States ever has recommended Federal grants for the general support of IHL, either for operations or for capital improvements. President Kennedy has proposed construction loans and a few small grants for specified purposes. But loans to build academic facilities offer little help to most institutions and to many no help at all.

State constitutional and statutory restrictions prohibit public IHL from incurring general obligation debt without the approval of the legislature or the voters. If such approval is given, States, cities, or institutions can usually sell securities at lower interest rates than the Federal Government because of the exemption feature. Private IHL have shied away from debt financing except for revenue-producing facilities such as student housing or dining halls. Bonds for academic construction would require principal and interest payments from general revenues and thus restrict funds available for salaries and operations in future years. No such bonds have been offered in the market for several years.

The loans available to private schools under title III of the National Defense Education Act have remained largely unused, and 90 percent of the authorization lapses each year for lack of applicants.

Both Houses amended the President's recommendations in 1962 by inserting small construction grant programs. No agreement could be reached between the two Houses, and no bill was enacted.

In 1963 both Houses again passed small construction grant bills. Conflict over the form of participation of private IHL divides the Senate and the House versions. This could again end in a deadlock. But even if the differences were compromised, and subsequent litigation would not becloud the future of the program, the extent of aid would be small.

IHL expended in 1962 over \$8 billion and will by 1970, according to some estimates, need almost twice as much or more. Construction grants of \$180 million (Senate version) or \$230 million (House version) would equal less than 2 percent of the total budget. Where will the other 98 percent come from if, as many believe, the existing sources prove inadequate? The difficulties which the approval of even the small construction grants have encountered, and the fact that final enactment of even that program is not yet assured, suggest that prospects for a substantial increase, let alone extension to the area which most urgently needs greater support; namely, salaries and operations, are dim indeed.

Tax relief to aid higher education

It is for this among other reasons that numerous proposals have been introduced to achieve by indirect means what apparently cannot be accomplished directly. In each Congress, over the past 10 years a growing number of bills were introduced providing for tax relief to those who now support higher education. About 100 such bills were introduced in the 87th Congress, and more than 120 were pending in the 88th Congress as of May 1, with many added since then. Close to one-fourth of all Members of the Senate have sponsored educational tax relief bills.

However, none of those proposals has ever been advanced or come close to enactment. Upon analysis of the various proposals it seems to me that there is a good and valid reason why no further action was taken on those bills. They would not have achieved what they were expected to do and would

⁵⁵ CONGRESSIONAL RECORD, Sept. 24, 1963, p. 17907.

⁵⁶ Samuel P. Huntington, "The Common Defense: Strategic Programs in National Politics," New York, Columbia University Press, 1961, p. 221. Further details in Warner R. Schilling, Paul Y. Hammond, Glenn H. Snyder, "Strategy, Politics and the Defense Budgets," New York, Columbia University Press, 1962.

⁵⁷ See: W. Glenn Campbell, "Assuring the Primacy of National Security," and Roger A. Freeman, "National Security and Competing Costs" in: "National Security: Political, Military, and Economic Strategies in the Decade Ahead," Center for Strategic Studies, Georgetown University, Hoover Institution Publications, New York, Frederick A. Praeger, 1963, pp. 803 ff., 963 ff.

have provided the least help where it is needed the most.

The purpose of indirect aid to higher education is (1) to augment the financial resources of institutions; (2) to aid talented young persons with aspirations for higher education from families with limited means.

Most of the pending bills meet neither of these objectives. They either permit the deduction from adjusted gross income of tuitions and fees (and possibly also some other college expenses) or grant an increase in the number or amount of personal deductions.

Students and families in low-income brackets would recover 20 percent (or under the provisions of H.R. 8363, 14 to 17 percent) of their expenses and still have to bear 80 percent of the cost. Families in high-income brackets would be reimbursed for up to 91 percent (under H.R. 8363 schedules, up to 70 percent) of their outlays.

Boards of trustees of IHL would be reluctant to boost tuitions substantially if students from low-income families would have to bear 80 percent or more of the increase. Those plans would therefore not add substantially to the financial resources of IHL nor help students from medium- and low-income families sufficiently.

Educational tax relief plans which permit deduction of college expenses or additional exemptions would channel most of the benefits to high-income families, because of the graduated structure of the personal income tax. Most criticism of educational tax relief has been directed at this feature and Treasury Secretary Dillon again emphasized it at the hearings of your committee on October 16. This concentration at the top is probably responsible for the lack of action on most of these proposals. Restrictions have been suggested such as an upper income limit for eligibility at about \$20,000 in S. 2270 by Senator GOLDWATER, and deduction from expenses of 5 percent of adjusted gross income, in an amendment to H.R. 6143 introduced on October 21, by Senator KEATING. Such provisions would prevent large benefits from going to families which do not need them but they would not increase aid to low-income students or help the institutions.

This shortcoming would be slightly, but not very materially, remedied by the use of a tax credit of 30 percent of college expenses, as was proposed by the American Council on Education and several other organizations in the years 1954 through 1959, and as incorporated in S. 800 by Senator McCARTHY.

A 100-percent credit—that is, a full offset of tuitions against tax liability—would be effective in aiding students from low-income families and would encourage institutions to raise fees because it could be done without adding to the burden on the students.

Objections have been raised to this proposal because it would involve a heavy revenue loss if the maximum dollar ceiling were set high, and would not be of sufficient help if it were set low, e.g. \$100, because of the wide range in the size of tuitions among institutions. Equity between private and public IHL, between institutions with low and with high tuitions, also poses a difficult problem.

A sliding tax credit schedule

When I was asked by the Senate Committee on Labor and Public Welfare last spring to testify on pending aid to education legislation, I studied this problem and drafted a sliding tax credit schedule which would permit a 100-percent tax offset for the first \$100 in tuitions and fees, a 30-percent credit for the next \$400 (between \$100 and \$500), and a 20-percent credit for the next \$1,000 (between \$500 and \$1,500).

My proposal appears in the hearings of the Committee on Labor and Public Welfare (pp.

1265 ff.) and was inserted in the CONGRESSIONAL RECORD on May 27, 1963. It is incorporated in S. 2269 by Senator GOLDWATER and in its companion bill H.R. 8981 by Representative THOMAS B. CURTIS of Missouri.

For reasons of space I shall not repeat here all the details of the plan which I submitted to the other committee.

The concept of a sliding tax credit schedule for higher educational expenses was taken up in the Senate on June 6, 1963, by Senator HUMPHREY (CONGRESSIONAL RECORD, p. 10253):

"It is essential that an across-the-board tax credit program be initiated to assist every person currently facing the considerable expenses associated with higher education. * * *

"I have sponsored similar tax credit legislation for many years. However, the bill I introduce today is, in my opinion, a significantly improved measure over all earlier versions.

"Tax deductible, additional exemption and tax credit bills share a common purpose: First, to assist persons financing a college education and, second, to provide indirect assistance to the institutions of higher education."

Senator HUMPHREY then cited from my testimony of May 27th and continued:

"The sliding tax credit schedule provides a sensible and workable system of Federal assistance that helps every student, indirectly helps both public and private institutions, and does so in a manner that in no way interferes with individual or institutional freedom or policies. This bill, providing for a declining tax credit for expenditures on tuition, fees, books, and supplies, mitigates the distortion found in the large majority of bills that rely on tax deductions, additional exemptions, or nonvariable tax credit."

"While this tax credit proposal would not solve all the financial problems related to higher education, it would represent a significant contribution well within our national means. It would provide this assistance in a manner that avoids any argument about Federal control of education and also the nagging question of church-state relations. Moreover, it would provide this aid without having to expand the Federal bureaucracy to administer the program.

"Support in the Congress has been growing for this general approach to the problem of Federal aid to higher education. I know the appropriate committees in both Houses are giving these proposals careful scrutiny and consideration. I hope that the administration will consider seriously requesting such legislation from the Congress."

Senator HUMPHREY slightly modified the tentative schedule which I had drafted.

Educational tax credit schedules

	FREEMAN	Percent
Up to \$100.....	-----	100
\$100 to \$500.....	-----	30
\$500 to \$1,500.....	-----	20
Maximum credit, \$420.		
SENATOR HUMPHREY		
Up to \$100.....	-----	75
\$200 to \$500.....	-----	40
\$500 to \$1,000.....	-----	30
\$1,000 to \$1,500.....	-----	20
Maximum credit, \$485.		

The tax saving, or revenue loss, under my schedule may be estimated at \$700 million per annum or more. Institutions may be expected to recoup as much as three-fourths of that amount through increased tuitions. They could apply the added funds to salaries or earmark part for the service of bonds issued to finance the construction of academic facilities.

Congress could determine by how much it desires to aid IHL and revise the credit schedule accordingly as time goes on.

The point has been made that tax credits would be of no help to students from families with such low income that they pay no income tax. That point has little validity, if any. While no statistics are presently available on the number or percentage of families of college students which pay no Federal income taxes, it may be estimated that it is quite low and certainly not higher than 10 percent of all students. Most of those students are now recipients of scholarships and thus pay no tuition, nor would they have to pay the increased tuitions that would follow the enactment of such a plan.

It is also possible to make these tax credits unconditional. In that case, the students or their parents would compute their income tax, apply the credit, and be entitled to receive a credit balance in cash.

Tax credits for donations to education

The National Government could also materially aid IHL by permitting tax credits—rather than mere deductibility from the tax base—of private donations, as the American Association for the Advancement of Science proposed some years ago. The present high marginal rates make such donations inexpensive to wealthy individuals, while persons in low-income brackets must bear 80 percent (under H.R. 8363, 83 to 86 percent) of the cost of their gift. As a result, large numbers of alumni with modest incomes do not contribute. By permitting tax credits, at 100 percent with a specified dollar maximum or according to a graduated schedule such as I suggested for tuitions and fees, persons in low- and medium-income brackets could be encouraged to donate more liberally to higher education and hundreds of thousands of additional donors could be found.

Gifts to higher education amounted to more than \$1 billion in 1961, according to the Council for Financial Aid to Higher Education. By materially widening the range of potential contributors, the granting of tax credits could very substantially augment this important source of support for IHL. The same principle could also be applied to elementary and secondary schools and tax credits permitted for local school taxes—as proposed in S. 2270—and for tuition payments and gifts.

Summary

The legislative history of proposals for Federal aid to higher education suggests that a program of grants-in-aid of substantial size for the general support of colleges and universities, whether for operations or construction, is not likely to be adopted. A small construction program such as is now pending in conference between the two Houses, even if enacted, would be of relatively little help compared with the huge amounts which the institutions will need in the years ahead.

Higher education could be effectively aided by the Federal Government through the granting of tax credits for educational expenses which would help institutions as well as students and their families. Such a plan avoids the bitter controversies over aid to church-connected schools and over Federal control of education. A sliding tax credit schedule would allocate aid where it is needed the most and could best meet the diversity in the size of tuitions and fees and between the requirements of public and private institutions.

Donations to higher education could be effectively encouraged and the range of donors expanded by the granting of tax credits.

Tax credits for local school taxes and school tuitions would be of material assistance to elementary and secondary public and private schools.

Graduated tax credits for tuitions and fees in higher education, such as I outlined, and tax credits for donations to higher education, are proposed in S. 2269 by Senator

GOLDWATER (and its companion bill, H.R. 8971, by Representative THOMAS B. CURTIS). I suggest that H.R. 8363 be amended to incorporate S. 2269.

WE FACE A NEW KIND OF WORLD

Mr. HUMPHREY. Mr. President, Mr. William Attwood, our Ambassador for the past 2 years in Guinea, returned recently to the United States. A former foreign editor of *Look*, he has just written an incisive, provocative article taking a fresh view of our foreign policy from where we stand today.

He sums up his impressions of "how little people seem to realize how much the world has changed in the last few years, how much has been accomplished and, most important, what remains to be done if our children are to grow up safe and free in this revolutionary era."

He finds that we have made solid gains, or achieved hopeful improvements all over the world. Drawing a balance sheet of these against the difficulties and real problems, he finds the world view from Washington "considerably more hopeful" than it looked 3 years ago.

He finds sheer "nonsense" in the notions that Communists score all the points in the cold war, that Asia and Africa are lost, that the U.N. is a failure, or that Castro is a dangerous threat. Professional anti-Communists who make a good living writing this, and melodramatic press coverage, are made responsible for this confusion.

Mr. Attwood reminds us that we are living in one of the most revolutionary periods of history; that there are world forces over which we do not have omnipotent control, "our policies can help guide the course of history, but they can't alter it or dam it up"; and finally that the cold-war slogans and attitudes we have lived with since 1946 are getting out of date.

The revolutions in the world are political, economic, biological, and scientific. Together they have made a different world:

Its battles can no longer be fought with bombs, but with modern factories and technical aid, with medicines and teachers, with rice and respect.

We cannot remake the world in our image and should not try. Let us be satisfied to make it safe for diversity. This is the aim of our foreign policy. It is catching on. We are no longer distrusted, as the Russians are beginning to be, in many corners of the world.

In the new phase of the cold war, "the big unfinished job is keeping the poor countries in the world from getting poorer while the rich get richer. The alternative is the kind of chaos and violence that the Chinese Communists will certainly exploit wherever the Russians do not."

If this job is unfinished, it is because it is hardly begun. Our foreign aid programs have held the line but the U.S. Government cannot do the job alone. Other countries, international agencies, private industry, and capital have an important and necessary role to play.

This does not mean drastically cutting our foreign aid in the foreseeable future. We have an important role to play out-

side the scope of private investment: in education and vocational training, in surplus food for hungry people, in launching selected agricultural and industrial projects, in providing technicians like Peace Corps volunteers, in coordinating development programs, and in discovering and encouraging opportunities for investors.

Our foreign aid is accomplishing much. It is not a giveaway. It costs less than 1 percent of the gross national product, and less than 10 percent of what we spend for military purposes:

What a soundly conceived foreign-aid program does is to enable America to take part in the worldwide war against poverty. And taking part is the only way we can exert influence on the course of history. For in the world community, we Americans are by far the richest family in town, and if we turn our backs on our neighbors, we can forget about being community leaders.

Yes, we have come a long way and done pretty well since January 1961. It is important to keep the momentum and help it gather strength. Mr. Attwood's article makes a cogent, realistic case for our foreign policy and for the fact that we should have more confidence and less anxiety.

I heartily recommend it to my colleagues and ask unanimous consent that it be printed in the *RECORD*.

There being no objection, the article was ordered to be printed in the *RECORD*, as follows:

WE FACE A NEW KIND OF WORLD—OUR POLICIES CAN HELP GUIDE THE COURSE OF HISTORY BUT THEY CAN'T ALTER IT OR DAM IT UP

(By William Attwood)

(NOTE.—The Russians have given up the idea of risking war by trying to bluff us out of Berlin. The once-monolithic Communist movement is cracked wide open, as the feud between Red China and the Soviet Union gets hotter. Thirty-two independent African nations now outnumber the Western allies in the U.N.)

Nearly 3 years ago, when I was foreign editor of *Look*, I wrote a piece called *A Preview of Kennedy's Foreign Policy*. In it, I said the people of America would have to get used to a President who believes in action, and I quoted Kennedy as saying he sought the job "because I want to get things done."

For most of the years since I wrote that article, I have been involved in a small way in helping this administration get some things done in Africa and elsewhere. Now, home again for a while, I've been asked by *Look's* editors to take a second look at Kennedy's foreign policy in the light of where we stand today.

The best way to start is to say that I've been struck, since I got home, by how little people seem to realize how much the world has changed in the last few years, how much has been accomplished and, most important, what remains to be done if our children are to grow up safe and free in this revolutionary era.

This is disturbing, if only because a democracy like ours can't act fast or update its policies without the support of public opinion. And people will support what needs to be done only if they can visualize the opportunities as well as the risks, and see some signs of progress.

Yet it appears that doubt, anxiety, cynicism, and indifference still permeate much of our thinking about foreign affairs. This is hard to explain. Since 1960, things have not always worked out the way the President hoped—no one, for example, forgets the Bay

of Pigs—but enough has happened to justify a good deal more optimism than you can find among your friends and neighbors.

So let's begin by taking a look at some of the more hopeful developments of the past 3 years:

In the Congo, thanks to our decisive support of the United Nations, order is replacing chaos, and Soviet ambitions have been frustrated. Elsewhere in black Africa, nation after nation has achieved independence with less bloodshed than takes place annually on U.S. highways. And American aid has helped their leaders, as in Guinea, resist Communist subversion and preserve their independence.

Laos, which was all but lost despite our costly commitment in men and money, has been neutralized. The outlook is better than it was during the 1960 fighting, and now the neutralist Prime Minister and his troops are actively resisting sporadic Communist attacks.

The big squeeze is off Berlin. The wall is still up, but more than ever since the Cuban crisis, the Russians know better than to risk war by trying to bluff or bluster us out of the city.

In Algeria, who would have thought that a Socialist but nonaligned government would have emerged from what even the French called a "dirty war"? Timely U.S. aid soon after independence helped make friends where we might have expected enemies.

In the Middle East, the Communists have suffered serious reverses in the last year, particularly in Iraq. And the multimillion-dollar Soviet aid program in Egypt has failed to pay off in political influence.

United States-Indian relations have never been better. India remains nonaligned, but Red China's aggression has shown the world's second most populous country where the danger lies.

Fidel Castro still runs Cuba, but it's costing his Soviet backers a million dollars a day to keep him afloat, and he's no longer the hero he used to be in Latin America. We may not like him ranting on our doorstep, but he's likely to become more of a problem to the Russians than he is to us.

A test ban treaty with the Russians has been signed. The long, grim deadlock is broken, and the first tentative step away from nuclear war has been taken. It may be, as the President said, only the first step in a thousand-mile journey on the road to peace; but every sane man can rejoice that we have made a start.

And the once-monolithic Communist movement has cracked wide open. We may have our family quarrels in the West, but what is going on between Russia and Red China is no mere quarrel; it's a feud of such proportions that the cold war, as we have known it, will never be the same again. Whatever challenges lie ahead, they probably won't include coping with an aggressive, single-minded, billion-strong Communist empire stretching from the Iron Curtain to the Yellow Sea.

None of this is to say that all's well with the world. The Alliance for Progress is still more a blueprint than a reality. Our grand design for European unity has blurred. In Vietnam, the war drags on, and the end is not in sight. And for most of mankind, poverty is still the rule, and freedom only a dream.

But on balance, the state of the world, as seen from Washington, looks considerably more hopeful than it did 3 years ago. This you would never suspect from listening to many of your fellow citizens. What you hear, all too often, is that the Communists are scoring all the points in the cold war, that Africa and Asia are as good as down the drain, that the U.N. is a failure, that foreign aid is wasted since nobody likes us anyway, and that Castro, shaking his fist on a Havana balcony, is just about the greatest

threat our country has faced since Pearl Harbor.

A lot of this nonsense gets disseminated by the professional, self-styled anti-Communists who make a comfortable living scaring people all over the country, and who have a financial stake in making the Communists look stronger than we. Some of it also comes from the press, where bad news always rates the biggest headlines and good news is usually no news. But I suspect that the main reason for all the confusion about foreign affairs is that history is moving too fast these days for the average man to keep it in proper focus.

To understand what's happening in the world today, and to avoid getting confused or discouraged, we Americans in particular need to keep three things in mind:

The first is that we are living in one of the most revolutionary periods in human history. The old colonial order—and with it, the supremacy of the world's white, Christian minority—is vanishing. New nations—and new imperialisms—are rushing into the vacuum. This is the political revolution.

All of these new nations want to break through the sound barrier of modernization in a few years. I've just come back from one of them. Billions of people are hungry for the things we take for granted. This is the economic revolution.

But they are trying to do this in the midst of a population explosion that will double the number of people in the poor countries during the next generation. This is the biological revolution.

Meanwhile, supersonic flight, atomic energy, and the intercontinental ballistic missile have made the world much smaller and much more dangerous. No place on earth is very far away, and no one is safe. Never in history have so many people been at the mercy of so few. This is the scientific revolution.

Together, these revolutions have already made the world a far different place from what it was as recently as World War II. And we have to realize that its battles can no longer be fought with bombs, but with modern factories and technical aid, with medicines and teachers, with rice and respect.

The second thing we have to understand is that a lot has happened, is happening and will happen in the world, regardless of what the United States does or doesn't do. Too many people still believe that when things don't go our way, somebody in Washington must be at fault. But the fact is that while our policies can help guide the course of history, they can't alter it or dam it up. Castro and Mao Tse-tung came to power because their countries were ripe for revolution. Eastern Europe is behind the Iron Curtain because the Red army moved in during World War II. Charles de Gaulle may be a hard man to deal with, but there he is.

In Africa, the tide toward independence can no more be reversed than the tide toward full equality in the United States. Those who think so, whether they are Portuguese colonialists or Southern segregationists, are living in a dream world. The choice today is either to curse the tide or to see to it that what is bound to happen, happens with a minimum of harm.

In short, being the strongest power on earth doesn't mean that we can impose our will, our system or our way of life on other countries. That's what the Russians try to do, and that's why they have made so little headway among the newly independent nations.

Fortunately, our aim—and our strength—is that we stand for free choice and not coercion. So long as a nation values its independence and does not threaten the freedom of others, we don't try to tell it how to manage its own affairs. This approach, this support for diversity instead of conformity, is the main reason why we are no longer

distrusted—as the Russians are—in so many corners of the world. People in the underdeveloped countries are beginning to realize that what we want for them is what they want for themselves—national independence, political stability and economic progress in freedom.

So when things don't seem to be going our way, all the way, let's not wring our hands or look for scapegoats. We're not going to remake the world in our image, and we shouldn't try. Let's be satisfied to make the world safe for diversity. That's already a lot.

The third thing to remember is that the cold-war slogans and attitudes that we've lived with ever since 1946 are getting obsolete.

In Western Europe, the threat of Soviet armed aggression has been successfully countered by NATO, and people breathe more easily. In Eastern Europe, the brutal discipline of the Soviet empire is not what it used to be under Stalin, and life is more tolerable. The Iron Curtain is there, but not so tightly drawn.

The Atlantic Alliance is no longer the only cornerstone of free world strength, and influence. In the United Nations, the Western allies are outnumbered by 32 African countries alone, to say nothing of the Asians. Winning the support of these nations, even at the risk of annoying some former colonial powers, is vital to our long-range interests as well as those of the world organization.

And all around the globe, we are beginning to see that the big problems of the next generation may be, as Arnold Toynbee predicted, less East-West than North-South. After years of nuclear stalemate and a balance of terror, the Soviet leaders may realize that exporting communism by force is a futile exercise; already the younger generation of Russians is far more interested in buying cars and TV sets than communizing the world. But the problem of closing the gap in living standards between the rich industrialized countries, mostly in the north, and the poor underdeveloped countries, mostly in the south, is rapidly becoming the biggest challenge the world has ever faced.

Thus, if we can keep in mind that the world is in revolution, that the United States is not omnipotent and that the nature of the cold war is changing, we Americans will be in a better position to know where we stand and what we have to do. We may also conclude that there is more reason for satisfaction than for despair. That is certainly the mood among people in government whose job is working on foreign policy on a day-to-day basis. Unhappily, the professional agitators and headline seekers are those whose voices are more often louder in the land.

To look ahead, the big unfinished job is keeping the poor countries in the world from getting poorer while the rich get richer. The alternative is the kind of chaos and violence that the Chinese Communists will certainly exploit wherever the Russians don't.

I said this job was unfinished; actually, it has hardly begun. Our foreign aid programs have held the line here and there, but the task of helping the new nations develop healthy economies is far too big for the U.S. Government to undertake alone or even in conjunction with its allies. The necessary capital must and should come from private sources and international agencies like the World Bank.

Working in partnership with local firms and governments in the developing countries, American industry can give these fledgling economies a bigger push in less time, and in the process build up good will for American methods and products. One reason countries like West Germany and Israel are extending easy credits to Africa is that they foresee the day when the new

nations will be potential customers, anxious to buy the goods they're now getting as free samples.

Nor should we underestimate the political impact of U.S. private investment. In Guinea, at a time when Soviet technicians were trying to reorganize the economy along Communist lines, the only really productive enterprise was—and is—a privately owned alumina plant in which half the capital, or about \$75 million, was American. Thanks to the foreign exchange earnings of this plant, the Guinean Government was able to retain a measure of economic independence from the Soviet bloc. Its successful operation has been an object lesson to Africans who were inclined to believe Communist propaganda about rapacious American capitalism.

The problem thus far has been the reluctance of U.S. investors to risk putting money into countries they regard as unstable. Yet the paradox is that it takes capital investment to guarantee real stability and progress. Therefore, until greater confidence is generated, the solution would seem to lie in an expanded investment-guarantee program by the U.S. Government that would protect private investors against political risks such as expropriation.

This doesn't mean our foreign aid appropriations should be cut in the foreseeable future. Government has an important role to play in areas outside the scope of private investment; for example, in education and vocational training where schools and teachers are lacking, in providing surplus food where people are hungry, in helping launch selected agricultural and light industrial projects, in giving advice where it is requested, in furnishing technicians such as Peace Corps volunteers, in coordinating development programs with other free countries and international agencies, and in discovering and encouraging opportunities for American investors.

Nor would the American people want to cut down on foreign aid if they were fully aware of what it is and what it's accomplishing. Today, too many people still think that it's a kind of giveaway program—although about 80 percent of it is spent on American products here in America; that it's costing us a lot of money—although it totals less than 1 percent of our gross national product and less than 10 percent of what we spend for military purposes; and that it's designed to buy or bribe allies—although we found out some time ago that leaders who can be bought aren't worth having on our side.

What a soundly conceived foreign aid program does do is to enable America to take part in the worldwide war against poverty. And taking part is the only way we can exert influence on the course of history. For in the world community, we Americans are by far the richest family in town, and if we turn our backs on our neighbors, we can forget about being community leaders.

So there is work to do for all of us—in business as well as in government—who like to take part in the history of our time, for the next few years are going to be decisive in shaping the kind of world our children will inherit. There will still be dangers. But at long last, those of us nearing middle age can begin to see beyond the tensions that have been the trademark of our generation to the opportunities and challenges that lie ahead.

As a nation, we Americans have done pretty well since the President summoned us, in January 1961, "to bear the burden of a long twilight struggle, year in and year out, 'rejoicing in hope, patient in tribulation,' a struggle against the common enemies of man—tyranny, poverty, disease, and war itself." Whether we continue to do as well, year in and year out, will depend on our ability, as citizens of a powerful country, to see the world as it is and not as some of us would like it to be; to act with wisdom and compassion, and to be unafraid.

ADVANCEMENT OF INTERNATIONAL TRADE—RESOLUTIONS

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD three statements which were unanimously adopted by the board of directors of the Buffalo Area Chamber of Commerce at their October 21 meeting, relative to S. 1614, which I introduced on May 27, 1963; Buy American Act amendments; and amendments to the Antidumping Act.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

BUFFALO AREA CHAMBER OF COMMERCE, STATEMENT OF NATIONAL EXPORT POLICY ACT OF 1963 (S. 1614, Mr. JAVITS)

The Buffalo Area Chamber of Commerce, a recent recipient of the President's E Certificate of Service, has always been an ardent supporter of any constructive legislation that would be beneficial in the advancement of international trade.

This bill (S. 1614) provides a realistic pattern to follow in recruiting additional U.S. manufacturers to enter the export field. The potentials are good for a greater sale of American products and services abroad and for a resulting increase in employment and profits at home.

A commendable feature of the bill is the practical manner in which the problem is approached without additional appropriations.

SEPTEMBER 23, 1963.

BUFFALO AREA CHAMBER OF COMMERCE STATEMENT ON AMENDMENTS TO THE BUY AMERICAN ACT OF 1933 (H.R. 7360, H.R. 7361)

Since 1953 the Buffalo Area Chamber of Commerce has been advocating a repeal of the Buy American Act, which ostensibly sought to stimulate domestic activities and employment. Competition and free enterprise, basic to success of our domestic economic system, are no less important to sound international economic principles to be extended to friendly nations.

Further restrictions on international trade, as proposed in these bills, will only serve to encourage other nations to retain high tariffs, enact new restrictive regulations affecting American exports, and definitely be detrimental to our bargaining power in seeking more favorable treatment toward American products.

In our opinion, it would be unsound to pass either of these bills.

SEPTEMBER 23, 1963.

BUFFALO AREA CHAMBER OF COMMERCE STATEMENT ON AMENDMENTS TO THE ANTIDUMPING ACT OF 1921 (S. 1318, H.R. 6033)

The bills (S. 1318 and H.R. 6033) aimed at amending the Antidumping Act of 1921, to speed up and improve procedures in determining whether imports are being dumped in the United States, and implementing corrective measures would be most helpful to American producers and importers.

The long delay which is commonly experienced on findings today, would be limited to 6 months and definitions of value and injury would be more precise if these bills are enacted.

The Buffalo Area Chamber of Commerce believes that passage of these measures would be beneficial to American manufacturers and distributors.

SEPTEMBER 23, 1963.

Mr. JAVITS. Mr. President, S. 1614 calls for the creation of a National Advisory Council on Export Policy and Operations. This Council would, first,

develop a unified export expansion policy for the United States; second, develop new ideas in the export field in order to improve the operations of the business community and the Government in the promotion of U.S. exports; and third, raise the export promotion effort to a higher level of priority within the Government. The bill has bipartisan cosponsorship in the Senate, and is now before the Commerce Committee for action. I welcome the Chamber's endorsement of this bill.

I believe present world conditions require that we continue to press forward for increasing coordination of free world economies and the reduction of barriers to trade. We should test out again whether the "buy American" policy does, as is claimed, seriously damage our foreign economic policy without really being of significant assistance either to our balance-of-payments deficit or our domestic economy. For example, since July 1962, the Department of Defense has been applying a 50-percent differential; that is, requiring procurement of American supplies when the cost of American supplies does not exceed the cost of foreign supplies by more than 50 percent—on a case-by-case basis.

The Secretary of Defense has never intended to determine in this way the foreign economic policy of the United States or to materially affect the negotiating position of the United States at the forthcoming worldwide talks.

Amendments to the Antidumping Act of 1921 should not be designed to further hamper the free flow of mutually advantageous international trade. Our self-interest requires that we now devote our best efforts to removal of nontariff barriers to international trade. However, this does not mean that I oppose measures designed to protect ourselves against unethical international dumping or other trade practices.

We must increase our exports for reasons of our balance of payments and therefore must work toward the removal of impediments to our goods trade abroad. We cannot enter the forthcoming trade negotiations pretending to be proponents of greater trade liberalization unless we are willing to commit ourselves to meaningful and reciprocal negotiations on all types of obstacles to trade—tariff as well as nontariff.

MCGRAW-HILL SURVEY SHOWS RISING BUSINESS INVESTMENT WITHOUT TAX CUT

Mr. PROXMIRE. Mr. President, the results of the most recent McGraw-Hill survey of capital spending in 1964-65 are now available. This survey is by all odds the best single analysis of what businessmen intend to invest in the future. I believe that the results should be well publicized. The figures obtained by McGraw-Hill represent an excellent rebuttal to those who support a tax cut on the grounds that investment and general economic activity will be inadequate without such a tax cut.

Let us look at the results of the survey. The first and principal conclusion of the

McGraw-Hill study is that "U.S. industry now plans to spend \$40.7 billion next year, 4 percent more than in 1963, for new plants and equipment. This level would set a record for capital spending." It is important to recognize that this forecast does not assume that there will be a tax reduction. Therefore, this stimulation to the economy from new investment will probably take place without the need for tax reduction.

Manufacturers "expect to increase investment 8 percent. If these plans are carried out, it will be the first time that manufacturers have managed to surpass the record amount spent in 1957. And it would put manufacturers' 1964 spending at nearly \$17 billion." McGraw-Hill then goes on to point out in 1956-57 "American business went on a capital spending spree. Manufacturers increased their capacity 20 percent in those 2 years." Thus, it now appears that such capital spending in 1964 will be at very high rates relative to the past.

It should be noted, Mr. President, that this survey represents a report of what companies now plan to spend. In many instances in the past these fall surveys, according to McGraw-Hill, "have tended to underestimate what actually happened—an average of about 3 percentage points over the last 8 years. However, they have always indicated the right direction of change every year." Thus, we have good reason to believe that investment levels will be high in 1964, perhaps even higher than the present McGraw-Hill survey indicates.

Some specific instances of acceleration in investment plans, according to the McGraw-Hill survey, are striking in amount. For example, "steel firms are increasing their capital investment 50 percent next year and already have plans to spend \$1.15 billion in 1965, a level which is now higher than 1962."

Other key industries seem to have the same types of plans. For example, "the paper industry also plans to increase its investment next year. Paper companies expect to spend 22 percent more in 1964 than this year."

"The auto industry's investment will finally top the \$1 billion mark in 1964 after having spent less than a billion annually since the completion of its major expansion program in 1957." I wish to emphasize again, Mr. President, that these plans are all being made by business firms without any specific assumption concerning tax reduction.

In some other lines besides manufacturing the pattern is the same. Thus, "the electric and gas utilities both expect investment to rise next year. Investment by the utilities will top \$6 billion next year and remain at this level in 1965." Similar results are expected in communications, in airlines, in pipelines, shipping and buses.

Another significant conclusion reached in the McGraw-Hill survey was that "the gap between actual and preferred rates (of operation) has narrowed appreciably for some firms and some industries." The significance of this, Mr. President, is that industries are coming progressively closer to the point where

they will have to consider very substantial increases in investments. Demand is steadily rising toward the point where firms and industries will be operating at levels of capacity which will require additional plant and equipment for maximum efficiency. I would suggest as a result of this conclusion by McGraw-Hill, that we should not tip the balance at the present time by injecting a tax cut into the system. The economy is growing and, as the McGraw-Hill survey indicates, will presumably continue to grow. Moreover, we are coming ever closer to the time when the economy may well take off under its own initiative without any false stimuli such as tax reduction.

Some evidence of this growth in aggregate demand can also be seen in the McGraw-Hill results. For example, "manufacturers as a whole expect to increase unit sales next year at about the same rate as they did this year, and this year's increase was a good one by most measures." This conclusion refers to unit sales and if some price increases are taken into account, the total gross sales would increase even more.

TRIBUTE TO HON. CHARLES E. DANIEL

Mr. THURMOND. Mr. President, a former distinguished Member of this body, the Honorable Charles E. Daniel, of Greenville, S.C., was presented with an important award Monday evening at the Waldorf-Astoria Hotel in New York City. The Society of Industrial Realtors honored Senator Daniel as the 1963 industrialist of the year. I was pleased, Mr. President, to have the opportunity to be present on this great occasion when so many distinguished Americans from various parts of the country gathered to pay tribute to a Horatio Alger-type American who has proved to be as much or more responsible than anyone for the vast progress in industrial development that has been made in the southeastern area of the United States within the past two decades.

I am pleased to call to the attention of my colleagues three editorials from South Carolina newspapers which point up how much Charlie Daniel has meant to South Carolina, the Southeast, and, indeed, the entire United States of America by the application of his ingenuity, intelligence, and tremendous store of energy in strengthening and undergirding our great free enterprise system. The editorials are as follows: from the Greenville Piedmont of Greenville, S.C., dated November 11, 1963, and entitled "Charles E. Daniel Given Another Deserved Honor"; from the Greenville News of Greenville, S.C., dated November 13, 1963, and entitled "Industrialist of the Year"; and from the News and Courier of Charleston, S.C., dated November 13, 1963, and entitled "Speaking for America."

Mr. President, I ask unanimous consent that these editorials together with the very eloquent address which Senator Daniel delivered on receiving this award,

be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorials and address were ordered to be printed in the RECORD, as follows:

[From the Greenville Piedmont, Nov. 11, 1963]

CHARLES E. DANIEL GIVEN ANOTHER DESERVED HONOR

Charles E. Daniel, chairman of the board of the Daniel Construction Co., will receive a bronze statuette tonight at a banquet at the Waldorf-Astoria Hotel in New York. It will symbolize his selection as the 1963 Industrialist of the Year by the Society of Industrial Realtors.

Today is Mr. Daniel's 68th birthday, and it is probable that, as he accepts the award from former Vice President Richard M. Nixon, he will turn his thoughts backward half a century when he went to work for 7½ cents an hour. Today, 8,000 persons work for his company, which has a payroll of more than \$600,000 a week.

This is the 15th consecutive year the society has presented the award to the industrialist "who has made a most significant contribution to the industrial development of North America in the public interest." Previous winners include Alfred P. Sloan, Jr., of General Motors; Benjamin F. Fairless, of United States Steel; Thomas J. Watson, of International Business Machines Corp.; Thomas B. McCabe, of Scott Paper Co.; Stanley C. Allyn, of National Cash Register Co.; and William A. Patterson, of United Air Lines, the 1962 recipient.

Mr. Daniel, who organized his own company in 1935 with \$25,000 borrowed capital, today heads a firm rated among the country's top industrial contractors with a present volume of business in excess of \$300 million.

His company has built more plants than any other contractor in the Southeast and more in South Carolina than all other contractors combined. In the last 25 years, Mr. Daniel has constructed more than 300 major industrial plants in the South with a total value approximately \$2 billion. These plants have created industrial jobs for 150,000 workers and have been responsible for about 300,000 more jobs in service and supply industries.

He is generally credited with having done more than anyone for the progress of his State since World War II. It has been said that when he turns a profit, so does South Carolina.

Mr. Daniel has long called Greenville his home, and Greenville is proud that another in a long list of deserved honors has come the way of a man whose life has been devoted to the advancement of his State and his country.

[From the Greenville News, Nov. 13, 1963]

INDUSTRIALIST OF THE YEAR

In at least an indirect way Greenville and the whole State of South Carolina shared the honor when Charles E. Daniel received from the hands of former Vice President Richard M. Nixon a national award in recognition of his fabulous career at a dinner in New York City Monday night.

He was named Industrialist of the Year 1963 by the Society of Industrial Realtors of the National Association of Real Estate Boards. The selection was made by a blue ribbon committee headed by Mr. Nixon.

We are pleased, of course, that Charlie Daniel has received national recognition. It was something that his own community and State couldn't very well do for him, although those who know him and appreciate his tremendous contribution to the development of the State and the South honor him in their

minds and hearts and in many small gestures whenever they think of him or read of some new Daniel enterprise.

As far as most of us around here are concerned, Mr. Daniel is "Mr. Industrialist" for just about any year out of the last quarter of a century and any day of the year. His story and that of his company constitutes a saga worthy of the writing talents of a top-notch historian or novelist. If all the facts could be collected and described in detail, they would tax the imagination of the novelist.

The man himself would make a fascinating study in character, relentless energy, personal growth, controversy, unlimited vision, undaunted daring, unswerving devotion to right as he sees it, the ruthless courage to override obstacles in the way of achieving what he believes worthwhile goals, and a rare combination of fierce fighting anger and a humble sort of compassion.

A little over 25 years ago Charlie Daniel was a successful contractor in Anderson. About that time he moved his headquarters to Greenville and, as soon as the end of World War II let loose the pent-up demand for new construction, the Daniel Construction Co. was ready to catch the tide at the crest.

No job seemed to be too big for the company to undertake. During the quarter century the firm has been in Greenville it has built almost every conceivable type of business and industrial building from small office structures to tremendously complicated paper mills and even a nuclear-powered electric energy generating plant.

Charlie Daniel and his hard-riding associates would go anywhere, and they've been almost everywhere, to sell industrialists on expanding or building a new plant in the South, preferably in South Carolina.

At 68 the man who is known affectionately and privately to a few as "The Big Carpenter" shows some of the marks of battle and hard work. But he has lost none of his zest for either and he has acquired little patience with foot draggers whether they be in business or politics.

And if anyone anywhere doesn't want to know how he feels about a matter in which he is in the least interested or what he thinks about something they have said or done, they'd better not ask him—or expose themselves when somebody else has asked him to make a speech discussing problems connected with the economic development of South Carolina. He'll tell them.

Charlie Daniel was quite at home in the gathering of national figures in New York Monday night. He also is quite at home talking the same sort of language with the humblest laborer on the Daniel payroll of some 10,000 persons.

He once told a story of a conversation with a carpenter who had been working for the company 35 years. The man remarked that he wasn't worried about being laid off for lack of work because Charlie Daniel would "keep me busy."

"You know," said the industrialist of the year from behind a desk piled deep with blueprints and architects renderings of projects yet to be, "I'm working night and day to do just that."

A day's work by this man means many days of productive work for many other men. That perhaps sort of sums up a career that is still in full flight.

[From the News and Courier, Nov. 13, 1963]

SPEAKING FOR AMERICA

The South had a powerful and persuasive spokesman when Charles E. Daniel of Greenville addressed the Society of Industrial Realtors in New York City. As the society's

"Man of the Year," he had the respectful attention of an important business organization. Likewise he had a platform that commanded attention throughout the country.

Mr. Daniel was equal to the opportunity given him to reach a national audience. His speech was timely. It was forceful, and above all else, it rang with truth.

He spoke of the confusion among the American people today.

"There is deep apprehension in the business world," he said, "because the economic system of America, developed on the principle of free choice by individuals in a free market, is being throttled and killed by Government manipulation, interference and domination."

The Kennedy administration, Mr. Daniel said, gives daily demonstration of its "lack of economic understanding; of its inadequate knowledge or appreciation of our American system."

"These men," he said, have "no faith in the very system of free enterprise which brought us to the abundant life and to the position of opportunity for world leadership. So far, the system has survived in spite of these people, not because of them. They are an indulgence which we no longer can afford to risk."

The South does not concede, Mr. Daniel assured, that "America's greatness . . . is dead." He predicted that the Nation "will soon be awed by the upgrading of educational and economic opportunities in the South for all our people. I further predict the South may well become, once again, the Nation's balance of power for sanity and responsibility in government. There is no more urgent need in this country today."

Mr. Daniel had other things to say—about financial responsibility in government; about wasteful foreign aid, about oppressive labor unions, and about Federal regimentation in the false name of civil rights. All these and more he said in addressing representatives of people who own business and residential property in States throughout the Union.

He was talking, we believe, the language that these property owners can understand, wherever they may live. They are the people who have the greatest stake in the well-being of the Republic. They have shown their competence in acquiring ownership of property. When all else fails, the land is left.

These are the people who own the land. They had a spokesman of proven ability in Charles E. Daniel. He is a builder, and a statesman with the solid background of business achievement. He has spoken as a southerner, and as a patriotic American. He has said things that the American people cannot safely ignore.

WILL AMERICA BE GREAT AGAIN?

(Address by Charles E. Daniel)

Mr. Nixon, President Hudson, Mr. Watson, distinguished guests, ladies and gentlemen, the tremendous influence the members of your society have exerted on the growth of industry throughout America and the high prestige you have earned makes me doubly appreciative of the signal honor you render me here.

For any credit due tonight, it must go where due—in the more intimate sense—to associates, supervisors, and to the thousands of employees of our company who, characteristic of the South, stand on their own feet and earn their pay.

In the broader scope of recognition, I accept this honor on behalf of many good people in all walks of life in our section of this wonderful country, in my State of South Carolina.

They are eager and busy people; determined and objective people. Such people are in the vast majority down there. They are proceeding with evergrowing momentum

in their difficult task of overcoming a hundred years of incredible odds.

We fell behind in most respects, but we were deep-rooted people who had learned from necessity that the way to success and progress in life is to face up without fear to every problem.

I predict that the Nation will soon be awed by the upgrading of educational and economic opportunities in the South for all our people.

I further predict the South may well become, once again, the Nation's balance of power for sanity and responsibility in government. There is no more urgent need in this country today.

Down South, we do not concede that America's greatness, the kind which elevated this Nation to an opportunity for world leadership, is dead. We do not concede that the principles of our Founding Fathers are no longer applicable. We do not believe that our system of government is antiquated or outmoded.

We do realize that greatness and those principles are in deep eclipse behind clouds of national immorality, indecision, misrepresentation, and appalling confusion. We do realize that our system of government which we hold so dear is in grave jeopardy.

Little men at home and abroad who happened upon big responsibilities, no matter their intentions, are steadily accomplishing the destruction of American honor and stability at home and throughout the world.

We must restore the true character of this Nation in the judgment of the 100 million freedom-loving people behind the Iron Curtain, as well as in the rest of the world.

It is not the people of the South alone who are disturbed about the erosion of public leadership. As I travel around our country, I see and hear many things which cause me grave concern. Our people are confused. They have lost some of their confidence in their Government. There is the disturbing question: "Will America be great again?"

There is deep apprehension in the business world because the economic system of America, developed on the principle of free choice by individuals in a free market, is being throttled and killed by government manipulation, interference, and domination.

The administration is giving us daily, a convincing demonstration of its lack of economic understanding; of its inadequate knowledge or appreciation of our American system. Those men who are directing the economic and fiscal policies of our Government have no faith in the very system of free enterprise which brought us to the abundant life and to the position of opportunity for world leadership. So far, the system has survived in spite of these people, not because of them. They are an indulgence which we no longer can afford to risk.

The use of power politics for personal prestige means antibusiness; means loss of economic freedom; means development of more Federal regulated authority.

In this grim age of today, we cannot afford to indulge ourselves in unsound leadership. There is no place in America for government by fear and coercion. There is no place for fiscal irresponsibility and petty politics.

No ADA group, no power-bloated labor bosses, no educated beatniks, no pseudo-intellectuals—in fact, nobody—is going to rescue us from this serious situation. It is up to us to rescue ourselves. The people must face up to the predicament and again take charge of their Government and their affairs.

Presently, the cold facts indicate that there is little government action of consequence except on the basis of political acceptability.

Good Americans everywhere must join the fight to eliminate: the wildly theoretical excursions into the land of dreams; the incompetent and irresponsible economic plan-

ning; the erosion of American principles and convictions; the insidious perversion of power for personal gain and prestige, if we want America to be great again.

Neither time nor ability permit discussion of all our problems so I limit my comments to three major categories of troubles which seriously tarnish and challenge the greatness of America.

1. NATIONAL FINANCIAL IRRESPONSIBILITY

During the most prosperous period in recorded history, we in America find our national debt to be the highest in the world, larger than that of all other nations combined.

Yet, we continue to run tremendous deficits, with increased demands for more and more Government spending and concentration of power; this, in spite of the fact that the total tax take is near 40 percent. History teaches us no nation has ever survived for long when taxes exceeded 25 percent of total income for any period of time.

Foreign aid: Some of this was necessary and of great value. Yet, in the distribution of over \$100 billion to 104 nations, billions have been squandered and wasted. With our own serious financial problems, America is at the end of the road as far as grants, gifts, and loans of billions are concerned.

Foreign aid, except to the destitute, and except for defense which should be approved by our good general staff, must cease in order to reduce our tremendous wartime tax burden; in order to help save the credit of the United States; in order to stop the build up of so-called neutralist and pro-Communist governments; in order to remove the deterrence to our own economic growth.

We must put a stop to this futile drain on our national resources if we are to maintain our strength for the many challenges which lie ahead.

Senator HARRY BYRD has said that when he came to the Senate, there were only two major so-called Federal-State aid programs; now there are 110. But this is not all, there are clamors and cries for 110 more.

We are ready and willing to take care of deserving unfortunates at home, and certainly, we should. Yet, it must be done on such a basis that relief will not be a permanent profession, an inviting and comfortable status. Unnecessary relief means a decay of self-reliance, the deterioration of America. Our present systems leave a great deal to be desired in this regard.

Recent investigations indicate approximately 60 percent of present relief payments in some areas, amounting to billions of dollars annually, are unlawful and uncalled for. We need a complete revamping of these programs.

For the first time in the memory of our people, the American dollar is weak in the markets of the world. The credit of the United States seems headed for trouble and a drastic curtailment of expenditures is necessary.

Yet, it is implied from Washington, America must ignore inflation or deflation; the Government knows best; deficit budgets are good for America. We are told that we can borrow our way out of debt.

This kind of irresponsible thinking; this tinkering with our economy, creates strong impressions throughout financial centers. Our Government wants to destroy the free play of economic forces.

With the dollar depreciated to 44 cents and headed for 30 cents or less by 1970, when business believes our Government to be anti-business, national fear is created. Confidence in the Government goes down the drain; with it goes one of our greatest national resources.

The ability of Washington leaders to curb Government expenditures, wage price inflation, taxation that destroys individual effort, will determine the status of the dollar of our future. It will also go a long way to

ward determining the future economic development of our Nation.

Management plans for expansion are based on their economic confidence in the ability of our Nation to invest and consume. Uncertainty as to how to make plans for the future is the worst foe of economic progress.

We desperately need sound money, fiscal responsibility and discipline. We need complete, overall tax reform and tax reduction. Yet, it is not the prudent thing to do without equal reductions in Government expenditures. We must end the present philosophy of self-delusion in our Government.

2. INTEGRATION

To review the serious problem of integration, won't you please visit with us in the South. The tragedies of racial conflict, at least the spotlight on them, have centered in our areas.

Without equivocation, I report that the responsible people, your kind of people, have taken the upper hand in most places in the racial plight which came upon us. We are rapidly surmounting the hump, with confidence and increasing indications of reasonable solutions to our problems.

I might add that this is being done despite the roadblocks which are being thrown up by the demagogues and petty politicians, the opportunists who impede progress under the guise of helping the minorities. These are the enemies of us all.

The white and colored races have lived, worked, and developed our southern area together for so long, we need each other.

Our Negro friends are entitled to, and do, vote freely in South Carolina on the same basis as white people. They are entitled to full educational opportunities and in our State, we have made tremendous strides toward providing them with these opportunities. All too often, we lose sight of the real progress which is being made in the main arenas of life because of the distraction of the loud but unimportant sideshows.

We have approximately 7,000 Negro teachers in our schools. Can you name any State in the East, North, or West with a better record?

Our Negro friends are well deserving of full economic opportunities. They are being employed in our industrial plants as fast as they can qualify. Our economy needs and welcomes them. They are being accepted.

In the building construction trades, we have always worked our colored people. The situation generally is similar to the operation of our company.

Presently, we employ about 8,000 construction employees; 26 percent are Negro, including over 800 skilled mechanics. They work side by side with our white people, receive exactly the same pay, and do a very fine job.

Construction companies in neither New York City nor any other major cities have anywhere near as many Negro employees as our company.

Why? Because the dominating union bosses refuse to take them as members. In the places where they have control, they openly and deliberately deny them these opportunities. The discrimination which they practice is of the rankest sort. Their exploitation of these people is a national disgrace.

In South Carolina and in the 11 States of the Old Confederacy, all with strong State right to work laws, the Negro construction workers can find equality of opportunity. This is certainly not true in other areas.

The tragic phase of the integration problem is the pitting of the Negro against the white man; and the failure of so many of our people to give recognition to the inequality of human beings.

It has been said many times, but it should be said again, you can't force social change through legislation. Further progress in this difficult field will only come through the efforts of men of good will, working together

on the local level. Agitation from without or within can only bring harm and deter true progress. These are not idle words; we are proving this to be true every day and without fanfare.

The pressure on Congress for enactment of the so-called, Civil Rights Act of 1963 disturbs all of our people because the act, as drawn, seems to be a plan for total Federal regimentation. It appears to us to be an attempt at complete Federal domination and control under the guise of a so-called civil rights bill. It strikes at the very foundation of our system of government.

No Member of Congress or the Senate could support this bill without violating his oath of office. It would constitute the greatest power grab since the days of Hitler and Goebbels. Furthermore, I predict, that, if passed, it will create more opposition to the goals it professes to seek, and do more to impede progress toward those goals than anything which has been done yet.

In my opinion, if the greed for power and votes could be eliminated, 80 percent of our integration problems would be solved within a matter of weeks.

3. LABOR UNIONS

We believe the most important job before us today is to do what we can to restore the competitive strength of America. To accomplish this, we believe the first step necessary would be for Congress to set the American workman free by removing the sanction of forceful compulsory unionism.

We believe that every man has a definite right to join a union of his own free will. This we support fully.

We do not believe that any man anywhere, especially Americans, should be forced to pay tribute to others for the privilege of working.

Our Constitution sets out the rights of men to pursue their chosen work without hindrance. Our State right-to-work laws reinforce the Constitution in this regard. Compulsory unionism is contrary to these basic tenets and should be eliminated.

We cannot maintain our rights without a full acceptance of our responsibilities. Our first responsibility as citizens is to defend our rights to private and free enterprise.

In my opinion, the most important domestic problem facing America today is the unregulated, unchecked monopolistic power of the vast international labor unions and their bosses.

Of all the concentrations of power, resources and influence in our country today, this one—the big unions and their bosses—stands alone, free to create and expand monopolistic power; free to use that power to coerce and intimidate; free to use that power to destroy business; free to use that power to influence legislation and political elections; yes, free to use that power to the ruination of our economic, political, and social system and to the ultimate ruination of our beloved country.

Yet, when we look to see what is being done to bring this unbridled concentration of monopolistic power under proper control and into its proper perspective, what do we find? We find a Federal Government which is publicly and privately committed to promoting expansion of this force. We find an administration which is greatly influenced by arrogant labor bosses.

The National Labor Relations Board has been turned over to them lock, stock, and barrel. The present Board is in the process of completely rewriting our national labor legislation through its decisions. Instead of attempting to perform their proper role of administering fairly and impartially the legislation passed by Congress, this politically motivated group of bureaucrats is doing everything conceivable to aid and abet, yes, to promote the interests of the big labor bosses. They make no real effort to conceal their motives.

The outright bid for big union labor support by administration leaders indicates a conflict of interest and causes our people to wonder if government can be impartial.

Our excellent railroads, fighting for financial preservation, are denied the right to merge into more efficient units and save hundreds of millions of dollars each year, mainly because of union objections.

In addition, they are forced to pay approximately \$600 million per year for excess labor at union insistence. Six boards and the Supreme Court have ruled featherbedding out but on union demands and threats, another board is appointed.

It is evident this process will continue until one board rules in favor of the unions and then another attempt will be lost in the battle for economy.

Our atomic-powered ship, the *Savannah*, costing \$80 million, has never been able to operate because of union arguments.

The great newspapers of New York City were out of circulation for months, causing astronomical losses to owners, merchants, and the economy of the State because of the monopoly power of a few labor leaders. No one will ever really know how much this one irresponsible strike damaged the economy and the people of this great city.

This problem, this reality, has been avoided by those in positions of public responsibility until union power now exerts a very serious, adverse effect on our economy at home and our ability to compete abroad.

Leadership: The strength of America lies in our character, integrity, self-reliance. These traits, more precious than gold, when lost, leave our Nation impoverished. Capable, honorable people can and will give us good government—weak people give us poor government.

Recently, a great Senator said to me, "For the first time in 150 years, the Senate of the United States has lost control of the Government."

This should be disturbing to all good Americans because our only hope for better things for our people lies in an expanding economy, available only under sound, constructive government.

It is unfortunate but we have an accumulation of backwardness in government to eradicate. We can stop the erosion of public leadership by devoting a substantial portion of our time, and that of all our people, toward electing sound people at all levels of government.

Good government results from essential cooperation between business and government at all levels. We have obligations as Americans to maintain this status by fighting for fair treatment.

Our country is blessed with many devoted Americans in Congress, in National Government, but we especially need more strong men in the Senate and Congress—fearless men, men of integrity; men who will stand up to be counted, regardless of personal consequences; leaders who will not trade a single vote on a matter of principle to get a friend appointed judge or postmaster, to secure a military installation; or a public power project; or to get reelected.

A majority of such men in Congress, by standing firm against every invasion of individual freedom; against overwhelming Federal deficits; for strict adherence to sound and honest constitutional government, could block every socialistic approach in the Federal Government.

We need leaders who can read and understand our Constitution—not those who would try to read between the lines.

What we need is a resurgence of statesmanship, a solid balance of conservative power in the U.S. Senate and Congress; men who will lead, not follow; men who will fight, not appease; a return to self-reliance; a return to principle.

It matters not whether these leaders are Democrat or Republican.

We need a President to answer America's call to greatness; a man of integrity, of vision, of honor, of great courage. We need a man who can rise above petty politics and personal partisanship. We need a man who has the courage of his convictions.

Somewhere in our 50 great States, there is such a man—one who could become a great President by placing the well-being of all our people, the future of our country, above all else.

We can accomplish these things by paying our debt to America; by working for better government; by demanding great men for the great tasks which lie ahead.

Then America will be great again.

"THE STRATEGY OF DECEPTION"

Mr. DODD. Mr. President, I wish to draw to the attention of my colleagues a book that has just come off the press, entitled, "The Strategy of Deception." The book has been published by Farrar, Straus & Co., and the editor responsible for the final shape of the book is Mrs. Jeanne Kirkpatrick.

The "Strategy of Deception" is probably the most remarkable series of essays on the strategy and tactics of world communism ever brought together in a single volume.

If we are to effectively resist and combat the Communist efforts to subvert the free world, we must first of all understand how they operate.

Better than any book I know, it drives home the fact that the Communists rely primarily on the instruments of beguilement and deceit.

It does so by setting forth the record of Communist deception in China, India, in Czechoslovakia, in France, in Italy, in the United States, and in other countries.

This book, in a sense, is a monument to the memory of Mr. Sol Levitas, late editor of the New Leader.

So that my colleagues may have a clearer understanding of the origin and orientation of this book, I would like to say a few words about the man primarily responsible for it.

Mr. Levitas began compiling these essays and articles before his death.

He did so because he felt there was a need for a book that brought together in one place studies by competent authorities on the Communist master-strategy of deception, as it has been practiced in those countries where the Communists have seized power, and as it is today being practiced in those countries the Communists are seeking to subvert.

This country owes a great debt to Mr. Levitas.

In his life he epitomized the best of true political liberalism.

As a leader of the democratic socialist movement in Russia, Sol Levitas fought, first against the abuses of the czarist regime, and then against the new tyranny of the Bolsheviks.

Sol Levitas was never one of those double-standard liberals who protest against tyranny or injustice on the right but close their eyes to tyranny and injustice on the left.

As the editor of the New Leader, he was in the forefront of the battle for social reform for more than three decades.

His was one of the earliest and most vigorous voices to protest the brutality of the Nazi regime and to warn against the peril it presented to the entire free world.

But Sol Levitas saw in communism a peril of equal import.

He never ceased to expose it and to warn against it.

He spoke up even during the difficult days of World War II, when our press and our political leaders abstained from any criticism of the Soviet Union out of a misconstrued deference to an accidental military alliance.

To those who are disposed to equate anticommunism with conservatism and rightwing extremism, I would point out that during the war years the New Leader, under Sol Levitas, was the only serious periodical in this country that protested against the crimes committed by the Soviet regime and that warned against the concessions we made in the conduct of the war, and at the Teheran, Yalta, and Potsdam Conferences.

The life of Sol Levitas is the best answer I can think of to the indiscriminate critics of liberalism.

The fact is that there are true liberals and false liberals.

Sol Levitas exemplified the former.

He lived by the credo of Thomas Jefferson, when Jefferson said:

I have sworn upon the altar of Almighty God eternal hostility to all forms of tyranny over the mind of man.

"The Strategy of Deception" is in the best tradition of Sol Levitas and the New Leader.

It is, in my opinion, the most significant handbook on communism that has yet been published.

It is not so specialized that it cannot be read by the layman.

But there is no one so sophisticated or knowledgeable that he cannot benefit from reading it.

I myself learned a great deal from it.

This is an indispensable book for all those who understand the gravity of the situation, and who seek a course of action capable of frustrating the Communist "Strategy of Deception."

I hope that all of my colleagues will find the time to read it.

Mr. HUMPHREY. Mr. President, I should like to add my comments to those of the senior Senator from Connecticut [Mr. Dodd] in regard to "The Strategy of Deception," edited by Mrs. Jeanne J. Kirkpatrick and published today by Farrar, Straus & Co.

This book is a remarkable compilation by a brilliant and scholarly lady. In 16 short chapters and essays, it presents a comprehensible picture of communism. Not a work written in anger or in hate, it is aimed at the enlightened citizen interested in foreign policy. It has clarity and depth of perception, and it is concise.

In "The Strategy of Deception" we can see how the Communist world is geared to fit the exigencies of the moment. There is vivid documentation of how local Communists veer constantly to follow the course set by Moscow or Peking—even at the cost of deep embarrassment and loss of face. This is consistently true in all the countries of the free world where Communists exist, the book amply demonstrates.

I particularly recommend "The Strategy of Deception" to those of the American citizenry who were too young to remember at first hand the subterfuge of the Communists throughout the world in the twenties, thirties, and forties. There is an excellent description of the Communist infiltration of the CIO in that period, for example, written by my good friend and former legislative assistant, Dr. Max M. Kampelman; there is a clear exposition of the Communist problem in South America by Prof. Robert S. Alexander, of Rutgers University. Julian Gorkin—a one-time founder of the Communist Party in Spain—describes his disillusionment with the movement. There is an excellent chapter covering the Communist coup d'état in Czechoslovakia as it was accomplished under the protective shadow of the Red army.

Indeed, "The Strategy of Deception" is recommended reading for every American citizen who wants a scholarly, hard-headed analysis of the Communist movement.

BEEF IMPORTS CAUSING MIDWEST COMPANY TO CLOSE ITS DOORS

Mr. SYMINGTON. Mr. President, this afternoon I received a call from Mr. Jay B. Dillingham, president of the Kansas City Stockyards Co., who reported that one of our dressed beef companies in Kansas City is shutting down its operation tomorrow and laying off 90 employees.

Specializing in the purchase and processing of canner and cutter cows, this plant is unable to compete with the greatly increased importation of meat and meat animals which is adversely affecting the entire industry.

The plant shutting down tomorrow is one of the largest of its kind in the country. Normally at this time of the year it would be at its peak season, employing some 200 people.

I have written the Secretary of Agriculture, presenting this shutdown for his attention, and expressing the hope that renewed efforts may be made to correct a problem of such seriousness to Missouri and all other livestock-producing States.

I ask unanimous consent that a copy of my letter to the Secretary be inserted at this point in the RECORD.

I also ask unanimous consent to have printed at this point in the RECORD a letter from Mr. Dillingham, to which I referred when the senior Senator from Kansas and I were discussing this problem last week.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
November 14, 1963.

HON. ORVILLE L. FREEMAN,
Secretary, Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: Just this afternoon, Mr. Jay B. Dillingham, president of the Kansas City Stockyards Co., and himself a livestock producer of considerable experience, called to report that the largest meat boning plant in Kansas City is unable to compete with the increased imports this year of meat and meat products and is shutting down at the close of business tomorrow.

At this time of the year under normal market conditions, this particular plant would be at its peak season with 200 employees. In recent weeks it has been operating on a curtailed basis with only 90 employees and now these 90 must be laid off tomorrow.

The enclosed copy of a letter from Mr. Dillingham presents, in greater detail, the seriousness of this situation about which we have been concerned for many months.

It is my understanding that members of your Department met late last month with the Livestock Advisory Committee at which time a program was discussed including the following:

1. Voluntary restriction on imports of livestock and livestock products.
2. A stepped-up program for sale of more beef through normal retail stores.
3. Marketing of beef animals at lighter weights.

As emphasized by the closing of the boning plant in Kansas City, the situation is more serious each day. I would urge, therefore, that renewed efforts be made to implement the suggested three-step program.

I would hope also that consideration could be given to increased purchases for the school lunch and needy family distribution programs and to any other actions which will assist this industry.

Sincerely,

STUART SYMINGTON.

THE KANSAS CITY STOCKYARDS CO.,
Kansas City Mo., November 4, 1963.
HON. STUART SYMINGTON,
U.S. Senate,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: The attached clipping from the Kansas City Star, dated November 3, 1963, warrants our bringing you up to date on the pressure imported meat is having on current live-animal prices.

The second clipping on the same sheet shows the following comparisons with a year ago:

	Nov. 3, 1963	Week ago	Year ago
Fat steers (K.C.), hundredweight.....	\$23.75	\$25.00	\$28.75
Fat hogs (K.C.), hundredweight.....	15.35	15.75	17.25
Fat lambs (K.C.), hundredweight.....	19.25	18.75	20.50
Corn, No. 2 yellow (K.C.), per bushel.....	1.26½	1.25½	1.21½

All slaughter steers this last week in Kansas City averaged \$22.47 a hundred, \$22.75 the previous week, and \$27.48 a year ago, and lower again today. While we recognize that fat cattle reached a higher level a year ago than anticipated, there is no economic justification for present-day prices. Despite the position of the Department of Agriculture

that imported meat is not depressing domestic prices, we still disagree.

Import duties on beef and veal (fresh, chilled, or frozen) were reduced in 1948 from 6 to 3 cents per pound. At the same time, duties on mutton were reduced from 5 to 2½ cents per pound.

Statistics reaching us reveal the following record:

Imports of beef and veal from 3 countries
(product weight basis)

[In millions of pounds]

	Australia	New Zealand	Ireland
Average 1951-55.....	1.4	13.0	7.2
1958.....	16.9	182.0	23.7
1959.....	223.9	160.9	42.0
1960.....	144.7	130.7	43.6
1961.....	232.2	154.3	61.1
1962.....	444.7	213.6	70.7
1962 as a percent of 1951-55.....	31,764.0	1,643.0	982.0

The September 2, 1963, issue of Foreign Agriculture, USDA, shows a total of 651,164,000 pounds of red meat imported or 18 percent over the same period of 1962. Lamb is almost double the same period, an actual increase of 95 percent. There is no reason to anticipate that figures for the last 6 months of 1963 will show any different pattern.

Domestic production of beef and veal, in terms of consumption, came to about 90 pounds per capita in 1962. With imports of beef and veal at 8.9 percent of domestic production, it means that 8 pounds of product per person were offered in our domestic markets from foreign sources.

The record on slaughter of cows will be of interest. Figures are published by USDA.

	Canner and cutter cows	Other cows
January to August 1963.....	1,043,000	1,510,000
January to August 1962.....	1,221,000	1,406,000
January to August 1961.....	1,223,000	1,313,000
January to August 1960.....	1,267,000	1,480,000

This shows the slaughter of cows for the January-August 1963 period is down 7 percent from 1960 and can only indicate the price of cows for slaughter is inadequate to influence livestock people to ship cows to market. In other words, they are holding back cows to produce another calf. This is at the same time when cattle numbers in the United States are at an all-time high and with dry weather existing over a very large area.

The total dollar value of U.S. exports of all livestock and meat products in 1962 came to about \$320 million. Our imports amounted to \$670 million, plus \$209 million of wool, making the total import value of approximately \$879 million.

Our Kansas City Drovers Telegram carried an article on October 18, 1963, quoting Secretary Freeman that Australia, New Zealand, and Ireland have agreed to limit their shipments of dairy products to the United States in 1963 and 1964. Secretary Freeman is quoted as saying this voluntary action should ease the fears of American dairymen that imports of three specific products will suddenly increase.

It is difficult to understand how imported dairy products are recognized as affecting the domestic market and quotas agreed to voluntarily and, at the same time, contend meat imports do not have the same effect.

The graph enclosed reveals that choice grade steers dropped \$4.84 from mid-October

1962 to the same period of 1963. This is a drop of 16.8 percent. The graph also shows that canner and cutter cows have held at a fairly constant level, based on cutout figures for domestic hamburger to sell in competition with imported meats.

The National Live Stock and Meat Board, at their annual meeting recently held in Wichita, Kans., cut half a carcass from a choice grade steer weighing 292 pounds, which is a very desirable product for most retail stores. From this side of beef, the following figures were compiled:

	Lb. Oz.	Percent
Popular cuts such as steaks, brisket, rib roast.....	83 13	28.6
Less popular cuts such as boneless neck, stew, arm pot roast, hamburger, kidney, etc.....	113 4	38.6
Cuts of little value, such as fat, bones, trimmings and loss in cutting.....	94 15	32.8
Total.....	292 0	100.0

In the second classification, hamburger amounted to 35 pounds 10 ounces, or 12 percent of the total side. The percentage of hamburger can increase materially when the less popular cuts do not sell readily over the counter. In that case, they are also ground into hamburger and the percentage of hamburger from the choice side of beef will increase to a total of about 38 percent of a choice grade steer. The percentage of meat directly competitive with that imported from a good or lower grade steer is even higher.

Boning is a specialized operation and many plants restrict their operation to that part of the business almost exclusively. Many of these plants over the country have discontinued operations or reduced to a very minimum.

The second largest boning plant in the United States is located in Kansas City. We know he is fully aware of the pressure imported meat has on his business. Here are the facts.

Canner and cutter cows cost \$27 per hundredweight (lowest this year) hanging on the rail before the boning operation starts. These cows will cut out the following products per hundredweight, figuring from the dressed carcass:

70 pounds of hamburger selling for 40 cents per pound.....	\$28.00
2 pounds of tenderloin at 80 cents per pound.....	1.60
23½ pounds of bones selling for 1½ cents per pound.....	.36
4 pounds of fat at 3 cents per pound.....	.12
100 pounds. Gross value....	30.08

Expenses in the operation include labor for boning, packaging, loading, freezing, cost of boxes and administrative costs which will be \$3. This \$3 expense is subtracted from the gross value of \$30.08 which leaves the cow carcass worth \$27.08 on the rail. This \$27.08 is based on 40-cent hamburger.

Imported meat can be purchased in New York at \$38.25 with a 90-percent lean meat figure. It would be necessary to add \$2 per hundredweight for delivery into Kansas City or a total figure of \$40.25. This makes the domestic meat look like a bargain unless the whole story is told. Here is the actual route of most of the imported meat after it is unloaded at either the east or west coast. It is sold to retail stores who use their power saws to slice the meat into thin strips and after it is partially thawed, it is ground into hamburger. These stores have fat waste that is practically a total loss in the cutting operation, so they add this fat which is

worth 3 cents per pound to the lean imported beef that will analyze 90-percent lean and 10-percent fat, to bring the percentage up to 23-percent fat. This is the legal limit set by the Federal Government standards. This lowers the cost of hamburger in that store from \$40.25 to \$36.52 or a round number of 37 cents a pound, while our local plant has to have 40 cents per pound to keep his money together.

While this started out to be a memo to bring you up to date, the scope of the problem warrants our imposing on you to recite facts herein. We think it convincing that imported meat has been depressing our market and will continue to do so as long as the volume remains at the existing level. Domestic production is ample and recent statements by USDA would not forecast any reduction in the foreseeable future.

Even though the comments relate to the effect on beef, it has the same influence on pork and lamb. To make matters even worse, the October issue of the *Livestock Journal* discloses that Japan has been added to the list from which meat, meat food products, and meat byproducts may be imported into the United States under Federal meat inspection regulations after July 30, 1963.

The USDA has indicated an increase in domestic production of 3 percent per year in red meat for the next 5 years is needed to supply the domestic market. With our cost of production being up—higher labor, grain, hay, and equipment, it is quite apparent we are losing our market to imported meats.

Yours very truly,

JAY B. DILLINGHAM,

President.

RECESS

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. May I say that before the Senator from Minnesota yielded to me and before the Senator from Connecticut obtained the floor, I made a statement that it was my intention to ask for a recess until tomorrow at 12 o'clock noon. With the permission of the Senator from Minnesota, I should like at this moment to ask unanimous consent that the Senate stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. GOLDWATER. Mr. President, reserving the right to object—

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may yield.

Mr. GOLDWATER. Could not the Senate meet tomorrow at 10 o'clock?

Mr. MANSFIELD. I would like to have it do so, but the Finance Committee has to meet to consider the tax bill. If they had not been meeting for the past 2 or 3 weeks, the Senate would have been in session at 9 or 10 o'clock each morning.

Mr. GOLDWATER. Why can we not ignore the committee for 1 day, and meet at 10 o'clock tomorrow?

Mr. MANSFIELD. Because the committee is conducting important business, to try to get the tax bill out within a reasonable period of time.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the Senate meet tomorrow at 10 o'clock a.m.

Mr. MANSFIELD. Mr. President, I object. That responsibility lies with the minority leader and with the majority leader.

I understand the position of the Senator from Arizona, and I would hope that he would understand the position we are in, because we have to get legislation through the committees. There has been enough criticism of the Senate in the past several weeks to last us for a long time.

So, Mr. President, I renew my motion that the Senate stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana that the Senate take a recess until tomorrow at noon.

Mr. MANSFIELD. Mr. President, on that question, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana that the Senate recess. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS], are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Tennessee [Mr. WALTERS], and the Senator from California [Mr. ENGLE] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "nay."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. MORTON].

If present and voting, the Senator from Nebraska would vote "nay," and the Senator from Kentucky would vote "yea."

The result was announced—yeas 68, nays 17, as follows:

[No. 238 Leg.]

YEAS—68

Alken	Gore	McNamara
Allott	Gruening	Metcalf
Bartlett	Hart	Monroney
Bayh	Hartke	Muskie
Beall	Hayden	Nelson
Bible	Hickenlooper	Pastore
Boggs	Hill	Pearson
Brewster	Holland	Pell
Burdick	Humphrey	Prouty
Byrd, Va.	Inouye	Proxmire
Byrd, W. Va.	Javits	Randolph
Cannon	Johnston	Ribicoff
Carlson	Jordan, N.C.	Robertson
Case	Keating	Saltonstall
Church	Kennedy	Smith
Clark	Kuchel	Sparkman
Cooper	Lausche	Symington
Dirksen	Long, Mo.	Talmadge
Douglas	Mansfield	Williams, N.J.
Eastland	McCarthy	Yarborough
Edmondson	McClellan	Young, N.Dak.
Ervin	McGee	Young, Ohio
Fulbright	McIntyre	

NAYS—17

Bennett	Jordan, Idaho	Scott
Cotton	Mechem	Simpson
Dodd	Miller	Thurmond
Dominick	Morse	Tower
Fong	Moss	Williams, Del.
Goldwater	Mundt	

NOT VOTING—15

Anderson	Jackson	Neuberger
Curtis	Long, La.	Russell
Ellender	Magnuson	Smathers
Engle	McGovern	Stennis
Hruska	Morton	Walters

So the motion to recess was agreed to; and (at 10 o'clock and 34 minutes p.m.) the Senate recessed until tomorrow, Friday, November 15, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 14 (legislative day of October 22), 1963:

U.S. ATTORNEY

George I. Cline, of Kentucky, to be U.S. attorney for the eastern district of Kentucky for the term of 4 years, vice Bernard T. Moynahan, Jr.

U.S. MARSHAL

Eugene G. Hulet of Oregon to be U.S. marshal for the district of Oregon for the term of 4 years, vice Paul Kearney, deceased.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 14 (legislative day of October 22), 1963:

POSTMASTERS

ALABAMA

Percy O. Morris, Demopolis.
Malcolm M. Walding, Dothan.
David Barnhill, Robertsdale.
John A. Kelley, Uniontown.

ARKANSAS

Jacob F. Dickerson, Evening Shade.
Wilford W. Taylor, Hoxie.

CALIFORNIA

Olive A. Jones, Castella.
Leonard O. Moody, Redondo Beach.
Ramona C. Hilliard, Williams.

COLORADO

Richard N. Heyman, Kersey.
Archie H. Hain, Wellington.

CONNECTICUT

Helen T. Fiddner, Brookfield Center.
Edmund W. Valleria, Higganum.
John B. Condon, South Britain.

DELAWARE

William C. Calloway, Delmar.
James C. Bowdle, Dover.
Carl R. Davidson, Nassau.

FLORIDA

Charles A. Miller, Bay Pines.

GEORGIA

Charles J. Cunningham, Madison.

INDIANA

James Neugebauer, Gary.
Lea C. Christensen, Hammond.
Charles A. Seger, Jasper.
Roger J. McKee, Michigan Ctiy.
Albert S. Delano, New Market.

IOWA

Izetta C. Bopp, Brayton.
Bernard F. Snyder, Larchwood.
Orval C. McCormac, Letts.
Mary E. Dardis, Peosta.
Willard E. Leiran, Waterville.

KANSAS

Lawrence V. Ferrell, Independence.
John H. Grentner, Junction City.
Dean H. Evans, Lebo.
E. Maxine Nelson, Lenora.
Larence K. George, Neosho Falls.
Frank J. Jira, Rush Center.

KENTUCKY

James D. Dearing, Alvaton.
Marianna T. Thompson, Edmonton.

LOUISIANA

George C. Grammer, Benton.
George G. Benefiel, Kenner.
Lee L. Blanchard, Painscourtville.
Pat W. Almond, Port Allen.
Rena G. Langlinals, Youngsville.

MAINE

William F. Leonard, Camden.
Norris L. Marston, Lubec.
Winifred V. Burton, Monhegan.
Leo P. Pinette, Westbrook.

MARYLAND

Martha G. Catlin, Nanticoke.
Guy W. Hinebaugh, Oakland.
Lee C. Hocker, Rockville.
Jerome D. Laffey, Westernport.

MASSACHUSETTS

John F. Bresciani, Hopedale.

MICHIGAN

Harry L. Faling, Clarklake.
Linden F. Tibbits, Columbiaville.
Frederick A. Helleman, Dutton.

MISSOURI

Arthur L. Giffin, Guilford.
Morris W. Templeman, Meadville.
Joe J. Kirkman, Osage Beach.
Forrest B. Thompson, Richmond.

NEBRASKA

Harold F. Zwonechek, De Witt.
Harold F. Ahlschwede, Gurley.

NEW JERSEY

Alfonso W. Magurno, Bloomingdale.
Dominic J. Zambello, Lambertville.
Paul J. Sulla, Manville.
Joseph W. McCauley, Millburn.

CIX—1380

J. Robert Tracey, Morristown.
Ralph J. Caneva, Park Ridge.
John B. Porter, Runnemede.
Peter G. Bakutes, Somerville.

NEW MEXICO

Isabel Rumsey, Orogrande.

NEW YORK

George T. O'Leary, Central Islip.
Donald J. Fitzpatrick, Dannemora.
Anthony Mignano, Deer Park.
Walter E. Fitzgerald, Getzville.
Robert T. Johnston, New Paltz.
William F. Graff, Pennellville.
Mary L. McCann, Poplar Ridge.
John G. Bittner, Rochester.
Harry P. Johanesen, Ronkonkoma.
John E. Snedeker, Jr., Trumansburg.
I. Louis Wood, Vernon Center.

NORTH CAROLINA

Francis P. Martin, Danbury.
Eugene B. Quinn, Hendersonville.
Mattie L. Weathers, Lattimore.
Herbert Long, Jr., Leland.
James D. Malloy, Parkton.
John M. McNair, Jr., Nashville.

NORTH DAKOTA

Harley S. Durward, Bowbells.
George G. Schmid, Minnewaukan.

OHIO

Glenn G. Isenman, Canton.
Orval V. Grove, Centerburg.
Marcella V. Fedderke, Jewell.
Anthony Alferio, Jr., Kipton.
Doris E. Thompson, Monroe.
Billy L. Flint, New Vienna.

PENNSYLVANIA

Ward Johns, Adrian.
Robert I. Grove, Alexandria.
Anthony J. Del Vecchio, Canonsburg.
Kenneth E. Huber, Catawissa.
Joseph W. Kudaski, Jr., Central City.
Derry A. Miller, Clearville.
Edward M. Buckley, Dallas.
Edward L. Thomas, Drifton.
Dorothy R. Karpyn, Egypt.
Charles W. Pentz, Gettysburg.
Theresa A. Catale, Hillsville.
Alvin R. Marshall, Hollsopple.
James J. McLaughlin, Holmes.
Blanche G. Smyers, Hopewell.
Carl F. Englehart, Hunlock Creek.
Blair I. Showalter, Huntingdon.
John W. Weller, James Creek.
Wade H. Kinsey, Jr., Ligonier.
George S. Burke, Meyersdale.
John W. Cooner, Millheim.
Harold R. Hockman, Mingoville.
Jay F. Pollock, Mount Union.
Verla J. Hill, Needmore.
Francis J. Augustine, New Castle.
Ralph W. Whipkey, Jr., Ohipyle.
Stanley T. Wagner, Penns Creek.
George W. Lauck, Jr., Pine Grove Mills.
William H. Jones, Ralston.
Kenneth J. Headings, Reedsville.
Russell S. Powell, Jr., Riegelsville.
Kenneth A. Harrison, St. Thomas.
Alexander G. Albright, Schwenksville.
Stephen W. Bergstresser, Selinsgrove.
Walter J. Piwinsky, Slickville.
Myrtle E. Smith, Spinnerstown.
John H. Stangarone, Springs.
Dawn M. Ressler, Talmadge.
M. Franklin Ward, Tioga.
Elden C. Harris, Torrance.
Clair J. Uber, Volant.
James A. Haney, Sr., Warminster.
Glen E. Cluck, Waynesboro.
Nicholas A. Morelli, Williamsburg.
Michael Conrad, Jr., Worthington.

PUERTO RICO

Jose D. Candelas, Jr., Manati.

SOUTH DAKOTA

Elnora L. Kempton, Peever.

TENNESSEE

Curtis S. Lowery, Brownsville.
Raymond B. Cox, Cottage Grove.
Melvin L. Kilgore, Richard City.
George L. Brown, Woodbury.

TEXAS

James Q. Pennington, Bluegrove.
Burton L. Kirtley, Jr., Graham.
Willis H. Roberson, Jr., Grand Saline.

UTAH

John R. Rowberry, Logan.
Kay R. Peterson, Mantli.
Edward W. Monk, Mount Pleasant.
Roy Ross, Richfield.
Orlo Goodrich, Vernal.

VIRGINIA

Mildred M. Hill, Claudville.
Marquard L. Chandler, Exmore.
Robert J. Owens, Ivor.
Warner T. Crocker, Lovingsston.
George T. Cook, Jr., Newsoms.
LeRoy N. Hilton, Jr., St. Paul.

WASHINGTON

Donald E. Nelson, Edmonds.
Max A. Gaston, Monitor.
Orval B. Senff, Olga.
Jerome W. Pfeifer, Ridgefield.
Helen M. Carlson, Skykomish.

WEST VIRGINIA

French B. Powers, East Rainelle.
Ruby E. Blevins, Hemphill.

WYOMING

Orval Horton, Chugwater.

U.S. COAST GUARD

Otto E. Graham, Jr., to be a member of the permanent commissioned staff of the Coast Guard Academy as an associate professor with the grade of commander.

The following-named persons to the rank indicated in the U.S. Coast Guard:

To be commanders

William R. Gill	Ward R. Turner
Frederick H. Raumer	William Miller
David S. Williams	

To be lieutenant commanders

Russell D. Erickson	Robert P. Harmon
Milo A. Jordan	Claude W. Jenkins
Wilbur E. Harris	George D. Miller, Jr.
Stephen P. Bunting	Eugene Linnemann
Roger F. Erdmann	Carl M. Mortensen
Harry N. Hansen	Robert F. Anderson
John E. Cavanaugh	Daniel C. Giller
John Atherton	Lester W. Willis
Clarence J. Pare, Jr.	Allen M. Wilson
Melvin H. Handley	William R. Claborn
Ezekiel D. Fulcher, Jr.	Lynn I. Decker
Christy R. Mathewson	Phillip M. Griebel
Warren H. Wilmot	Rudolph E. Anderson
"A" "J" Beard	Donald H. R. Fraser
Lavine Hubert	Donald Cabaugh
Alvin L. Kool	William K. Cooper
Orval K. Beall	Christian A. Weitzel
Philip S. Lincoln	Gerald M. Davis
Marin M. Cornell	Fred M. Guild, Jr.
Lyle W. Glenn	Herbert L. Johnson
Richard R. Hoover	Howard H. Istock
Ludwig K. Rubinsky	Benjamin F. Weems
Victor Koll	Harold W. Woolley
Lawrence O. Hamilton	Robert J. Hanson
Eugene C. Colson	William I. Janicke
John A. Packard	Edward E. Walker
Victor W. Sutton	John A. Dearden
George E. Cote	Charles H. Sanders
Melvin H. Eaton	Richard F. Goward
Victor M. Adams	Eugene P. Farley
Lee W. Bothell	Joseph A. Haynes
Talmadge H. Sivils	
Charter D. Edwards	